

R 300209

JPRS-SEA-86-142

15 AUGUST 1986

Southeast Asia Report

19980430 169

DTIC QUALITY INSPECTED 3

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15 AUGUST 1986

SOUTHEAST ASIA REPORT

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AUSTRALIA

BRIEFS

MILITARY SOURCES ANNOUNCE NAVAL EXERCISES--Singapore, July 15 (AFP)--The Royal Australian Navy, celebrating its 75th anniversary this year, is to combine exercises and goodwill visits in East Asia beginning later this week, military sources here said Tuesday. Using Singapore as a base, some nine vessels are due to sail as far as Indonesia, Japan and China until the end of August, when they will participate in the five-nation Starfish-86 exercises, the sources said. A task force, commanded by Australian Deputy Fleet Commander Commodore Matthew Taylor aboard the destroyer HMAS Hobart, is to regroup here July 22 for 4 days after staggered visits to Indonesia and Malaysia. It will then sail towards the Philippines for exercises with ships from the United States Navy's 7th Fleet, before two Australian ships visit Tokyo and Shanghai and the rest return to Singapore to join the submarine Orion. Six ships, including the sub, will then leave August 20 for 9 days of wargames with vessels from New Zealand, Britain, Malaysia and Singapore in the South China Sea. The Australians will finally return home via Singapore. [Text] [Hong Kong AFP in English 1259 GMT 15 Jul 86 BK] /8918

NEW SEA ROUTE DISCOVERED--The Australian Navy has announced the discovery of a new shipping route off the north coast of Papua New Guinea. The navy ship, "Flinders," began searching for the route through the (Star Reef) between Ward Hunt Strait and the northern city of (Louie) early last May. "Flinders" commanding officer Lieutenant Commander (Bob Willis) said the new passage would cut between 30 to 40 nautical miles off trips between the south coast and northern parts. He said the passage would also save about 160 nautical miles for ships traveling between Australia and Papua New Guinea, and it would be a strategically important route in times of war. Lt Cmdr (Willis) said the passage had first been discovered by satellite pictures, and its precise route had been mapped by the electronic equipment (?abroad "Flinders.") He said the chart of the new route would take about 2 years to produce and would be freely available to all countries. [Text] [Melbourne Overseas Service in English 0830 GMT 22 Jul 86 BK] /8918

CSO: 4200/1252

AUSTRALIAN PRIME MINISTER COMMENTS ON JAKARTA EDITORIAL

Jakarta SUARA KARYA in Indonesian 7 Jun 86 p 1

[Text] Canberra--Prime Minister Bob Hawke emphasized that Australia will continue to develop its relations with Jakarta in spite of an attack made against his country in an article in the AB [Armed Forces] newspaper.

He made this statement to parliament last Wednesday [4 June]. He said the editorial in the AB newspaper claiming Australia has become arrogant and antagonistic under the government of his Labor Party showed a lack of understanding.

He also rejected charges by the paper that Australia is a threat to Indonesia and is trying to overthrow it.

"I do not believe the article reflects the views of the Indonesian government," he said.

"I ask the people of this country to be calm, because I and all of the ministers in responsibility will develop relations between us," he stated.

The AB editorial appeared in the midst of efforts by both parties to end a diplomatic uproar caused by a SYDNEY MORNING HERALD report that was viewed as insulting to President Soeharto.

Hawke said he had established "good and warm personal relations" with President Soeharto following his visit to Jakarta in 1983.

Meanwhile, the AUSTRALIAN FINANCIAL REVIEW reported that Australia sees a military threat from Indonesia, although it has not been revealed publicly.

That newspaper said in an editorial that there are no indications of a military buildup by Indonesia, "which does not have the military strength to invade Australia."

It added, "There is no longer any doubt that the Indonesian Armed Forces see Australia as a traditional obstacle to territorial expansion."

6942

CSO: 4213/162

POLICE BAN PANCASILA ANNIVERSARY COMMEMORATION IN MEDAN

Jakarta SINAR HARAPAN in Indonesian 2 Jun 86 pp 1, 12

[Text] Medan, 1 June--A commemoration of the 41st anniversary of Pancasila by the North Sumatra Soekarno Educational Foundation (YPS), planned for 31 March at the Medan Kartini Building, was canceled following revocation by city police of permission that had been issued by the New Medan POLSEKTA [City Sector Police] on 21 May.

The revocation was made known in a letter dated 31 May, which was handed to the commemoration committee at about 1700 hours, or about 2 hours before the program was to begin. Rachmawati Soekarno Putri, general chairman of the Central YPS, had come to Medan specifically for the program.

"I am disappointed and sad," Rachmawati Soekarno Putri told reporters in Medan on Sunday afternoon after returning from Binjai and prior to her return to Jakarta on Sunday evening. She also said she was surprised that after 41 years of independence and 20 years of the New Order there are still obstacles to the implementation of democracy.

The third child of the late President Soekarno also viewed the incident as a precedent that could destroy the image of the apparatus of authority and the aspirations of the people through a confrontational attitude that "Pancasila democracy is now only for the authorities and not for the people."

"Because of a Certain Matter"

Permission for commemoration of the 41st anniversary of Pancasila by the North Sumatra YPS had been granted by the New Medan POLSEKTA on 21 May through a procedure in effect from the North Sumatra POLDA [Regional Police] on down.

Cancellation of the commemoration was announced on Saturday night to Rachmawati and guests who filled the Wisma Kartini. Cassette tape recordings of "Indonesia Raya" [national anthem] and meditational music followed.

Before the presentation of a memento in the form of a traditional scarf could be made, a POLRI [Indonesian Police] officer wearing civilian clothes and carrying HT [handie-talkie] communications equipment in his hand approached

the commemoration committee to order that visitors, including Rachmawati Soekarno Putri, leave the meeting hall immediately.

No further information about the cancellation has been obtained from either North Sumatra POLDA or Medan POLTABES [City Police]. The letter of 31 May revoking the permission merely stated the reason to be "a certain matter."

6942

CSO: 4213/162

CHANGES IN ASEAN'S FORM NOT FORSEEN

Jakarta KOMPAS in Indonesian 14 Jun 86 p 12

[Text] Jakarta, KOMPAS--ASEAN is a regional group in the form of an association. Up to now there has been no desire on the part of the countries making up its membership to change from the form of an association into an international organization.

This was stated on 13 June by Minister of Foreign Affairs Mochtar Kusumaatmadja at the ASEAN Secretariat Building on Jalan Sisingamangaradja, in the course of his speech on the 10th anniversary of the establishment of the ASEAN Secretariat and the official dedication of the ASEAN statue, which is called the "symbol of unity."

He added that the lack of such a desire by the member states to change the form of the organization is due to the fact that in an international organization there must be a surrender of part of the sovereignty of the respective states which are members. In that connection this is a sensitive question for the ASEAN countries.

However, Mochtar stated, although ASEAN is only a regional group in the form of an association of states, the respective member states can work together closely and actively. Mochtar added: "Problems of that kind often cause irritation in other regional groups."

Strong Secretariat

On this occasion Minister of Foreign Affairs Mochtar also expressed the hope that the ASEAN Secretariat can be further strengthened, because a strong ASEAN Secretariat reflects strong and mature cooperation of the member states of ASEAN.

At the present time, Mochtar continued, there are many tasks which should be performed by the ASEAN Secretariat but which are still handled by the ministries of foreign affairs of the respective member countries, particularly those related to questions other than economic matters.

Mochtar said that for that reason the ASEAN Secretariat must be able to strengthen itself and carry out its tasks, without arousing any feeling that

it is taking over the sovereignty of the respective member countries of ASEAN. He stated: "What I meant by strengthening the ASEAN Secretariat was not increasing the size of the staff but rather making maximum use of the potential of the existing staff."

He added that with a strong ASEAN Secretariat it is hoped that the secretariat not only can plan and conduct meetings but will also be able to make an effort to ensure that the meetings bring results. He said, jokingly: "The results of a meeting should not be just planning and scheduling the following meeting."

5170

CSO: 4213/165

DIFFICULTY IN MEETING RICE OUTPUT TARGET REPORTED

Jakarta MERDEKA in Indonesian 20 Jun 86 p 11

[Text] Jakarta, 19 June--The rice production target for the 1985-86 rice planting season and the 1986 dry season is 26,867,000 tons. This may be difficult to achieve, because it is estimated that the harvested area will be about 50,000 hectares less than in the previous rice season. This is the result of the fact that the fall in the price of paddy during the past harvest season tended to influence farmers to plant other commodities.

In addition, there was some impact on rice planting due to the movement to increase the planting of secondary crops. In certain areas there was a shift from planting paddy to planting secondary crops, especially corn and soy beans. At the same time climatic conditions resulted in changes in the planting season.

In this connection, according to figures from Crop Projection I, it is estimated that the increase in paddy productivity per hectare will only amount to .18 percent. In this connection, in order to make it possible to achieve stability of production and the accumulation of food stocks appropriate for the level of the population and consumption, this increase must amount to 2.4 percent per year. Therefore, to avoid undesirable developments in the achievement of food self-sufficiency, all activities in connection with preparations for the 1986-87 planting season, particularly in the provinces, are being closely followed.

This was stated by Engr Suhaedi Wiraatmadja, the director general of food crop agriculture in the Department of Agriculture, in a special interview with representatives of MERDEKA and HARIAN UMUM AB in his office on 19 June after speaking at the celebrations marking the end of Ramadan [Muslim fasting month] attended by employees of the Directorate General of Food Crop Agriculture and their families.

In answer to a question Director General Suhaedi confirmed that preparations for the next rice crop are being monitored in the provinces, particularly in Java, which is the principal center for the production of paddy. On 21 June a meeting will be held between the director general and all of the chiefs of the Food Crop Agriculture Services throughout Java, with the exception of Jakarta.

According to Suhaedi, to guard against a levelling off in productivity, the government has taken steps to achieve a breakthrough in technology. Among other things, it is beginning to introduce hybrid rice seeds, the application of balanced fertilizers, and the use of biostimulants, or substances for controlling growth.

Similarly, during the post-harvest period a variety of methods have begun to be introduced, ranging from the simplest to those involving the use of advanced technology. The system of field research has also been expanded. Director General Suhaedi was asked whether the application of these new methods, whose use will be further expanded during the forthcoming planting season, has been extended to the provinces. He replied: "This is what needs to be monitored on a continuing basis."

Speaking about the indications of a levelling-off in rice productivity, the director general said that there are numerous causes. For example, in connection with fertilizers, there really are no balanced fertilizers. As a result, in some paddy production areas there have been reports of fields lacking in potassium.

Not many farmers use KCL [potassium chloride]. There are also fields which are lacking in hydrogen sulphide because paddy straw left after the harvest has been removed without compensating for it through the use of artificial fertilizer such as ZA.

To resolve this problem, according to Director General Suhaedi, beginning with the next rice planting season, the government will undertake demonstration area projects in several provinces, particularly in those where the land is lacking in potassium. For that purpose no less than 16,000 tons of KCL fertilizer have been made available, under a grant from Canada. This fertilizer will be distributed to the provinces.

During the present, initial phase, 500 tons are already available for distribution. In fact the absorptive capacity for potassium chloride in Indonesia is among the highest in the world. By comparison, in Korea, it takes 13 years for the land to absorb potassium chloride. Director General Suhaedi said: "The only problem is that potassium chloride is not yet being applied to the soil by the farmers in a balanced way."

According to research results, there are no less than 2.5 million hectares of land lacking in potassium chloride, including areas which have a productivity capacity of more than 4 tons per hectare.

Regarding the use of biostimulants, the director general said that with the use of these stimulants there is an increase in production of about 20 percent. As a kind of breakthrough, the use of biostimulants continues to be encouraged.

Among other actions taken the government has included authorizations to purchase these commodities in KUT [Farmer Commercial Credit] packages, making it possible for farmers to obtain them through the use of these credit facilities.

According to the director general, to encourage the farmers to use these inputs, the government has urged businessmen producing and distributing them to set up marketing stands in places which have just completed successful demonstrations of their use.

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CSO: 4213/165

BUYUNG NASUTION ON HIGH COURT'S CALL FOR HIS DISBARMENT

Jakarta SINAR HARAPAN in Indonesian 4 Jun 86 pp 1, 12

[Text] Jakarta, 4 June--Attorney Adnan Buyung Nasution, SH [master of laws], believes the recommendation made by the Jakarta High Court to the minister of justice and the Supreme Court that his license to practice be revoked is not based on law and is, in fact, not relevant at all to the charge against him.

Buyung Nasution said this with regard to the Jakarta High Court's decision of 3 May to uphold a Jakarta State Court ruling of 17 March. The attorney was charged with an act of contempt of court committed on 8 January 1986 while a judge was reading the verdict on charges of subversion against H.R. Dharsono. Buyung had interrupted the judge, for which he was punished through an administrative ruling by the Central Jakarta State Court.

In his press statement on Tuesday, 3 June, which at the same time was an exercise of his right of reply, Adnan Buyung Nasution said the High Court had no right to intervene, because the law does not give the court the authority to make recommendations, let alone to recommend that an attorney's license to practice be revoked. Citing Article 54 of Law 2/1986 regarding the Supreme Court, he said that if the Jakarta High Court's recommendation comes as a ruling on an appeal of an administrative decision by the Central Jakarta State Court that ruling has no basis, since none of the parties involved has made an appeal.

Buyung admitted to submitting an appeal on 18 April. It was withdrawn, however, because an appeal can be made only of a court ruling, whereas the action taken by the Central Jakarta State Court was, according to Soebandi, SH, an administrative decision that had been downgraded to a "routine report."

Confusion

Buyung stated that, with the Jakarta High Court's recommendation and the comments by Bambang Soemedhy, SH, the actions taken have become confused and mutually contradictory.

A situation like this, according to Buyung, does not reflect legal certainty, objectivity, or justice. Soebandi, SH, chief judge of the Central Jakarta State Court, holds that the administrative decision became a routine report and that the Jakarta High Court upheld it without an appeal from anyone.

Buyung emphasized that the question is not the severity of the punishment or whether there is guilt or not but whether principles of law and justice must be upheld by everyone.

6942

CSO: 4213/162

DEVELOPMENTS IN BUYUNG NASUTION CASE

Bar Association's Action Protested

Jakarta KOMPAS in Indonesian 12 Jun 86 p 3

[Excerpts] Jakarta, KOMPAS--Master of Laws Adnan Buyung Nasution considers that the Branch Executive Council of the Jakarta Section of IKADIN [Indonesian Federation of Lawyers] has acted in conflict with the principle that it should protect the members of IKADIN. This view was contained in a letter addressed to the Central Executive Council of IKADIN, dated 6 June 1986.

In a letter dated 3 May 1986 and signed by Master of Laws Mrs T. S. Aslamiah Sulaeman the Jakarta Superior Court expressed support for the view stated by the chairman of the State Court of Jakarta Pusat concerning the Buyung case. Master of Laws Subandi, the chairman of the State Court of Jakarta Pusat, considered that Buyung displayed an attitude and behavior and made a statement which degraded the prestige, authority, and honor of the court.

Not Called

According to Buyung, the Branch Executive Council of the Jakarta branch of IKADIN acted in conflict with the principles of the organization because it never called him, considered, or heard any testimony from him before announcing its stand. On the contrary, it sent a written complaint directly to the Council of Honor of the Jakarta Section of IKADIN in a letter which was dated 22 April 1986. In his own letter of protest Buyung stated: "By implication I was considered guilty by the Branch Executive Council of IKADIN."

Buyung added that before it complained about this matter to the Council of Honor, it appears that the Branch Executive Council of the Jakarta Section of IKADIN formed a team to collect data on the incident. However, the team only considered such sources of information as the administrative decision of the State Court of Jakarta Pusat, its letter of transmittal, and newspaper clippings. Buyung wrote in his letter: "I myself, as an interested party and as a victim, was never requested to present a statement or provide any data."

Taken Over

In fact the case involving the cancellation of Buyung's license to practice law has been taken over by the Central Executive Council of IKADIN. Indeed,

at a meeting held on 1 April 1986 the Central Executive Council of IKADIN made public a written statement in connection with this case. The statement, dated 3 April 1986, declared among other things that the action by the chairman of the State Court of Jakarta Pusat in proposing to the minister of justice the cancellation of Buyung's license to practice law was not based on law or the statutes in force.

Later, on 5 April 1986, Master of Laws Soekardjo Adidjojo, chairman of the Central Executive Council of IKADIN, and Master of Laws Djohan Djauhary, deputy secretary general, wrote to the chairman of the Branch Executive Council of the Jakarta Section of IKADIN. The letter referred to the question involving Buyung before the Branch Executive Council and asked that it be referred to the Council of Honor of the Jakarta Branch of IKADIN.

Based on this letter, the Branch Executive Council of the Jakarta Section of IKADIN formed a team to collect data on the matter and then sent material on the Buyung case to the Council of Honor of the Jakarta Section of IKADIN. However, Buyung considers that the action taken by the Branch Executive Council of IKADIN was not in accordance with the principles of the organization.

Before sending his letter of protest Buyung issued a press statement to reporters. In this connection in a previous meeting with the Central Executive Council of IKADIN, Buyung had said, according to several members of the council, that he would consult with the Central Executive Council of IKADIN before issuing a press statement.

Bar Association's Response

Jakarta KOMPAS in Indonesian 16 Jun 86 p 3

[Excerpts] Jakarta, KOMPAS--Master of Laws Rusdi Nurima, chairman of the Branch Executive Council of the Jakarta Section of IKADIN, has stated that the case of Adnan Buyung Nasution is now in the hands of the Council of Honor of the Jakarta Section of IKADIN. In a discussion with a KOMPAS representative on 14 June Rusdi said: "The Council of Honor has the power to decide whether Buyung was right or wrong. It is the council which will investigate the case."

Chronology of the Case

Rusdi Nurima declared that the Branch Executive Council of IKADIN received further details on the Buyung case from the Central Executive Council of IKADIN on 5 April 1986. Based on this material, the Branch Executive Council of the Jakarta Section of IKADIN assembled written evidence, including the administrative decision of the state court, newspaper clippings, and other authentic material. Rusdi added: "Then we turned it over to the Council of Honor of the Jakarta Section of IKADIN. The Central Executive Council of IKADIN does not itself have any authority to investigate Buyung's behavior in this case."

In his meeting with a KOMPAS representative Rusdi Nurima stated that to prove whether the charges against Buyung are true or not, a team was formed to assemble evidence for the use of the Council of Honor of the Jakarta Section of IKADIN. If, in fact, Buyung is not guilty of any wrongdoing, he will be defended by IKADIN as an organization. Rusdi added: "However, if it is proved that he insulted the court, IKADIN will certainly not be reluctant to take action."

Irresponsible

Regarding Buyung's protest, Rusdi considered that this senior lawyer acted in an irresponsible way. Originally, when the court declared that Buyung had insulted and damaged its authority and proposed that Buyung's license to practice law be canceled at a certain time, Buyung asked that the case be handled by IKADIN as a professional organization. Rusdi went on to say: "However, suddenly he himself appealed to the state court."

Rusdi felt that it is possible that recently Buyung realized that presenting an appeal meant recognizing the legitimacy of the decision by the court. Later, Buyung withdrew his appeal and then turned the matter over completely to the Central Executive Council of IKADIN, which then, in turn, referred the matter to the Branch Executive Council of the Jakarta Section of IKADIN. The Branch Executive Council then referred the question to the Council of Honor of the Jakarta Section of IKADIN. Rusdi continued: "The consequences are what we now see. Indeed, why did he protest against the action by the Branch Executive Council of the Jakarta Section of IKADIN?"

Rusdi reviewed in some detail the functions of a professional organization like IKADIN in terms of its members. On the one hand IKADIN must defend and protect its members. However, on the other hand, in order to maintain discipline and the authority of the profession and organization, IKADIN must be capable of handing down firm sanctions against members who are proved to be in the wrong. Rusdi said: "For this purpose evidence on the Buyung case was collected and then turned over to the Council of Honor of the Jakarta Section of IKADIN, which has the authority to examine it."

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CSO: 4213/165

BRIEFS

ARMY REFORESTATION PROGRAM--Director general of the Ministry of Forestry's reforestation and land rehabilitation, Ir Wartono Kadri, stated that the Integrated Reforestation Program of the ABRI is considered successful and will be continued, particularly in isolated and socially disturbed areas. Wartono Kadri stated, with pride in his voice, that under the ABRI Integrated Reforestation Program, tree planting has been rather successful, with about 74 percent of the young trees surviving. During an exchange with reporters on 11 June he rejected the view that the ABRI had taken over what should be done by the Ministry of Forestry. According to him, the ABRI Integrated Reforestation Program only undertakes reforestation activity in disturbed forest areas which Ministry of Forestry employees would find difficult. On an overall national basis the ABRI Integrated Reforestation Program handles forest areas covering only 7-10 percent of the total. The ABRI, as a dynamic and stabilizing element of development, have successfully carried out their task in isolated or socially disturbed forest areas, Wartono Kadri added. In 1983-84 the ABRI Integrated Reforestation Program operated in seven provinces: Aceh, South Sumatra, Lampung, South Kalimantan, South Sulawesi, Central Sulawesi, and West Nusa Tenggara. They are presently engaged in reforesting an area of 6,500 hectares. In 1985-86 the area reforested is expected to cover 9,000 hectares in 9 provinces, in 1986-87 the reforested area will cover 9,100 hectares in 13 provinces. [Text] [Jakarta HARIAN UMUM AB in Indonesian 13 Jun 86 p 1] 5170

NO RICE IMPORTS PLANNED--SH Bustanil Arifin, minister of cooperatives and chief, Bureau of Logistical Affairs [BULOG], has stated that from now to the 1987 general elections BULOG will import no rice. He stated this on an informal occasion at his home on 9 June, the Idul Fitri holiday. He denied the view of some economic observers who wish to not be identified that current domestic rice stocks are only about 800,000 tons. They say it is possible this food stock will be drawn down in the coming dry season. He said he hoped domestic rice stocks will not be a problem. He added that present stocks were sufficient to cover the dry season and market operations. Dr Ir Bedu Among, BULOG deputy director for marketing, stated there is no formal domestic target for food purchases, but the goal is about 1,250,000 tons. Purchases so far total about 800,000 tons. Meanwhile, the second rice harvest is continuing, and shortly after that is completed, dry season crops will be harvested. Unless conditions beyond human control occur, 1986 domestic food stocks should be sufficient to last through the coming general elections period. He added that BULOG's national food stock is about 2.6 million tons, including 800,000 tons domestic stock. Domestic consumption by those under the state budget and private estate employees is 1.4 million tons per year. National reserves are therefore enough to cover the dry season and market operations, Dr Among said. [Text] [Jakarta HARIAN UMUM AB in Indonesian 12 Jun 86 pp 1, 3] 5170

CSO: 4213/165

INVITATION TO BID FOR ADB LOAN PROJECT

Vientiane KPL NEWS BULLETIN in English 16 Jul 86 pp 5, 6

[Text] 1. The Government of Lao People's Democratic Republic has received a loan from the Special Fund Resources of the Asian Development Bank (ADB) in various currencies towards the cost of Vientiane Plain Rural Electrification Project Phase-2 (VPRE-2) and it is intended that part of the proceeds of this loan will be applied to eligible payments under the contract for supply of 110/22 KV substation equipment principally comprised of 110/22 KV power transformers, 110 KV and 22 KV switchgear, isolators, current transformers, voltage transformers, lightning arresters, carrier communication equipment, auxiliaries and accessories including structural and foundation materials and also their erection and commissioning including construction of control building and all associated civil works.

2. The project will be executed by Electricite du Laos (EDL), who now invites bids from eligible bidders from member countries of ADB for the above said turn key job of the Project.

3. Interested eligible bidders may obtain further information on the bid form and inspect the bidding document at the office of:

General Manager
Electricite du Laos
Samsenthai Road
P.O. Box 309
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Tel. 2216 - 43
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Telex 4311 or 4492
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Tata Consulting Engineer
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Lao P.D.R. Embassy
193 Sathorn Tai Road
Bangkok

Tel. 286-2840 or 286-0010
Telex 82192 TH
Cable AMBALAO BKK

4. A complete set of bidding documents may be purchased by interested eligible bidders on the submission of written application to the above and upon payment of a non-refundable fee of US \$100 (US dollars one hundred only).

5. All bids must be accompanied by a bank guarantee of 2% (two per cent) of the bid price, must be delivered in accordance with the Instructions to Bidders on or before 21.10.86, 12:00 hrs. (local time) at the office of General Manager Electricite du Laos, Vientiane, Lao People's Democratic Republic and will be publicly opened the same day at 14:00 hrs. (local time).

6. Electricite du Laos will not be responsible for any costs or expenses incurred by bidders in connection with the preparation or delivery of bids.

7. Work at site shall commence within ten (10) weeks from the date of letter of intent and shall be completed in all respect including supply, erection and shall be completed in all respect including supply, erection and commissioning of all equipment, building, etc. Within twenty five (25) weeks thereafter.

/9274

CSO: 4200/1270

MONKS' SENIOR HIGH SCHOOL

Vientiane KPL NEWS BULLETIN in English 3 Jul 86 p 1

[Text] Vientiane, 3 Jul (KPL)--A ceremony to sum up the results of the final examination of Buddhist Monk's Senior High School was held here on June 30.

The meeting was attended by 227 professors, teachers and buddhist monks.

Venerable Thongkhoun Anantasounthone, President of the Lao Buddhist Association was also present on this occasion.

According to a report made by Chanouane Phensimuong, director of the school there are 35 professors and 259 students for the 1985-86 school year. All the students have successfully passed their final examination. Out of the total number 72 teachers and students were congratulated for their good results. Among them 6 teachers were awarded with third class "Labour" orders.

/9274

CSO: 4200/1270

BRIEFS

VIENTIANE WOOD EXPLOITATION--Vientiane, 28 May (KPL)--The wood exploitation and wood processing factory of Vientiane, has over passed its first trimester target by 11 per cent. During this period, the factory exploited 4,720,000 m³ of timber, 220,000 m³ of small trunks and 10,900 m³ of dead trees. Over 1,900,000 m³ of processing wood were also produced by the plant. [Text]
[Vientiane KPL NEWS BULLETIN in English 28 May 86 p 2] /9274

CSO: 4200/1270

MALAYSIA ---

BRIEFS

TELEVISION PROGRAM EXPANDED--Malaysian television transmission over Channel 1 will start 3 hours earlier on Saturdays beginning this Saturday, 19 July. An official disclosed that RTM Channel 1 will start transmission from noon. This decision was made as Saturdays are weekend holidays for all schools in the country. [Summary] [Kuala Lumpur Domestic Service in Malay 1230 GMT 16 Jul 86 BK] /9274

CSO: 4213/170

JUDICIARY INQUIRY FINDS NO GOVERNMENT INTERFERENCE

BK221359 Singapore THE STRAITS TIMES in English 20 Jul 86 p 1

[Excerpt] Mr J.B. Jeyaretnam [opposition leader] made completely unfounded and scandalous allegations in Parliament about the independence of the Subordinate Courts, the Commission of Inquiry on the Judiciary said in its report released yesterday.

The Commissioner, Mr Justice T.S. Sinnathuray, said it was clear from evidence adduced that at no time had any member of the Executive arm of the government interfered with the powers of the chief justice to transfer, on consultation with the attorney-general, legal officers, including district judges.

These powers were delegated to the chief justice by the Legal Service Commission (LSC), a practice provided for by the Constitution.

Mr Justice Sinnathuray also said that Mr Jeyaretnam, despite his earlier statements, never had any intention of giving evidence to substantiate his allegations.

No court proceedings can be taken against Mr Jeyaretnam as he is protected by parliamentary privilege. But Parliament's Committee of Privileges, to which the matter was referred in March, may take further action.

If found guilty of dishonourable conduct, abuse of parliamentary privilege or contempt, Mr Jeyaretnam could be suspended from the House, fined and reprimanded.

/8918

CSO: 4200/1257

THAILAND

CHAWALIT FAMILY TREE, TIES TO ROYALTY PUBLISHED

Bangkok LAK THAI in Thai 12 Jun 86 pp 27-29

[Excerpt] When talking with reporters, Gen Chawalit Yongchaiyut denied that the surname "Yongchaiyut" came from "Saeyang." He said that he is not related to the "Saeyang" family, although that is what people like to say. His uncle was the owner of Burapha Palace. He then showed them a picture of Prince Phanurangsi, a son of King Rama 4.

Gen Chawalit said that his aunt, Mom Lek, was the minor wife of Prince Phanurangsi. Therefore, Prince Phanurangsi was his uncle. He was the one who gave the surname "Yongchaiyut." He said that Queen Ramphaiphanni and Prince Phira were his relatives. He also gave the reporters a copy of the book "Sangsan-Wan Ruam Yat" [Family Meeting Day].

This book stated that Prince Phanurangsi, the fourth son of King Rama 4, and Queen Thepsirin conferred the surname "Yongchaiyut" on Mom Lek. One section stated:

"Paternal ancestors of Mom Lek were Phra Maha Yotha (Ming), who was married to "Ma." They had a son named "Sutchai," who served as a palace security guard. Mr Sutchai married Phra Nom Khlai, the wet nurse for Prince Phanurangsi's family. These two had a son named Dam, a royal page during the Fifth Reign. Mr Dam was married to "Thom." They were the parents of Mom Lek. The ancestor of Phra Nom Khlai, the mother of Mr Dam, was Phraya Thamporohit (Kaeo), who lived during the First Reign. He was also the ancestor of Lady Sot and Lady Chan, wives of King Rama 5. Ancestors of Phra Nom Khlai were Phra Alak (Klat), the oldest son of Phraya Thamporohit (Kaeo). He was the father of Phraya Mahaniwetnanurak (Yang), who married a woman named Iam. They were the parents of Phra Nom Khlai. The surname of Mom Lek's father was "Yongchaiyut."

Civilian, police, and military officials and other people are still coming to offer their congratulations to the new RTA CINC. On 31 May, people were still coming with baskets of flowers to offer their congratulations.

This shows what happens when a person rises to power. But people should remember the truth that what goes up must also come down.

16. Phra Nom Khelai: She was the daughter of Phraya Mahaniwetnurat (Yang), who built Wat Phra Yayang opposite Wat Boromniwat. She was the niece of Phra Alak (Klat), who was the son of Phraya Thampalohit (Kaeo), who lived during the reign of King Rama 1. Phra Nom Khelai was the wet nurse of the daughters of Prince Phanurangsi when she was young. When he went to live in Burapha Palace, she lived there, too, where she died at the age of 80.

Mr Kongna Thongdam Yongchaiyut: He served as a royal page during the reign of King Rama 5. He was the son of Mr Chamniboriban (Sutchai) and Phra Nom Khelai.

Mrs Yen Wasantasing: She was the daughter of Luang Anurakphubet (Singto Wasantasing), who had three daughters and three sons. She served as a lady-in-waiting to Princess Choetchom, who was the daughter of Chao Chommanda Sida, the daughter of Phra Pinklao, the "second king" in the front palace during the reign of King Rama 4. Princess Choetchom gave Mrs Yen in marriage to Mr Kongna Thongdam Yongchaiyut as requested by Phra Nom Khelai (the mother of Mr Kongna).

17. Cpt Chan Yongchaiyut
18. Mrs Lamun
19. Gen Chawalit Yongchaiyut
20. Mrs Lamom
21. Col Thammanun Yongchaiyut
22. Col Chinda
23. Mrr Nongkhran
24. Mrs Choenganong + Mr Charuk Kraitruatphon
25. Miss Watchana Kraitruatphon
26. Mr Sarawut Kraitruatphon
27. Mr Warin Kraitruatphon
28. Mr Chanon Kraitruatphon
29. Mrs Chawani + Mr Phinit Niyomphalanuk
30. Mr Wathi Niyomphalanuk
31. Withu Niyomphalanuk
32. Mr Chaiyong Yongchaiyut + Mrs Phongsai
33. Atichat Yongchaiyut
34. Atilak Yongchaiyut
35. Atichai Yongchaiyut
36. Mrs Phensi
37. Mrs Chuanphit + Mr Chun Mungruaiklang
38. Mr Sarawut Mungruaiklang
39. Mr Akkhaphan Mungruaiklang
40. Mr Rachen Mungruaiklang
41. Mrs Noi
42. Mrs Phani (Daeng)
43. Mrs Buakham
44. Mrs Chanita + Mr Wichai
45. Miss Chammaiphon Yongchaiyut

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CSO: 4207/276

THAILAND

COLUMNIST OPPOSES MILITARY-POLITICIAN SYMBIOSIS

Bangkok BAN MUANG in Thai 14 Jun 86 p 5

[Ta Mo Lo column: "The Prime Minister Must Have Freedom"]

[Text] In the Democrat Party, besides the present party leader, Mr Phichai Rattakun, the other person whom I felt was suited to serving as party leader was Gen Han Linanon, the deputy party leader. I felt that Gen Han should be supported for the position of party leader after Mr Phichai in order to wait his turn for the position of prime minister if the Democrat Party has a chance to form a government.

I based this on the role played by Gen Han when he was 4th Army Region commander. Gen Han took over as 4th Army Region commander during a period of great turmoil in the south. Political bandits, common bandits, evil people in uniform, and smugglers were active throughout the region. The morale of the people was very low. In just a short period of time, Gen Han succeeded in restoring the situation almost to normal. He had to use various factors and his own abilities. Thus, I felt that Gen Han would make a very good prime minister.

But when Gen Han revealed his political views, saying that the "person chosen to serve as prime minister should be someone acceptable to the military," I lost all interest in Gen Han. Even though he has left the military and entered politics, his political views are based on the old idea that the "military must control politics."

The age in which soldiers control politics or handle political matters themselves should be over. Gen Chawalit Yongchaiyut, the new RTA CINC, who is a close friend of Gen Han, has developed his views and feels that soldiers should no longer meddle in politics. He has announced that politics will be taken out of the military, or that the military will be withdrawn from politics. This is tantamount to promising the people that the military will stay out of politics after having controlled politics for 54 years.

But Gen Han Linanon wants to place politics under the control of the military again. He wants to take the old road again. I feel very uneasy about Gen Han. Whether he is suited to serving as party leader, which is a springboard for becoming prime minister in a democratic system, is something that must be reviewed.

Actually, the view that the prime minister must be someone who is acceptable to the military is the fundamental idea of almost all politicians. Politicians are not struggling for what is right. Instead, they are competing to hide beneath the wings of the military. Because of this, the military is like a "hidden" political institution outside the constitution. These politicians are trying to hide beneath the wings of the military by siding with this and that general. This is causing splits within the military.

There has been one coup d'etat after another, because soldiers are skilled only in the use of weapons. Prime ministers whose "visas" have been stamped by the military lack freedom in implementing policies. They always have to see whether the military approves. Whenever the military disapproves of something, soldiers appear on television and castigate the government. This generates great fear. And there are long-term operations to "clip wings and tails." The fact that politics lacks freedom and has to hide beneath the wings of the military is bad for the country in the present age. Although the idea that the person selected to serve as prime minister must be acceptable to the military may have been appropriate in the past, it is not appropriate today. It isn't necessary to report to the military, saying "I, Han Linanon, request permission to become prime minister."

Besides this, basing the position of prime minister on the military makes it impossible for politicians to function as politicians and turns them into undeveloped "clinging vines." Instead of trying to carry out their duties as politicians as well as they can, they try to please the military in order to gain the support of the military. Thus, politics is submerged in a pool of "dirty water" in which it can't breathe.

I don't think that the professional soldiers want to meddle in politics. It is these politicians who are dragging them into politics. Politicians should change their behavior and stop running to the military for protection. They should stand on their own feet. They should stop acting like children and start acting like adults. They should stop acting so selfish and make sacrifices for the people. They should stop trampling on each other and show more sportsmanship. They should stop prostituting themselves.

I believe that the majority of the politicians can serve as the foundation of the country. They can lead politics and develop politics so that it is the foundation of the country. I hope that people exercise their right to vote in order to get rid of the bad politicians. Things would improve immediately.

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CSO: 4207/276

THAILAND

ANTI-MONARCHY POLITICAL TRACTS CIRCULATE, CAUSE CONCERN

Bangkok LAK THAI in Thai 3 Jul 86 pp 14-16

[Unattributed report: "July 1986 Election Report: Illegal Pamphlets and Mass Activities, a Plan To Ruin the Election and Build Up Evil Circles"]

[Excerpts] During the first 2 weeks of June, "pamphlets" attacking political power groups appeared in various places. The two groups that came under attack were Gen Prem Tinsulanon, the acting prime minister, Gen Chawalit Yongchaiyut, the RTA CINC, and the Democrat Party and Gen Athit Kamlangek, the supreme commander, and those near him, most of whom were mid-echelon officers such as Col Phiraphong Sapphakphisut.

But there were two sets of pamphlets in particular that really troubled people because of their very harsh criticism of the royal family and their connection to political events, that is, the dismissal of Gen Athit Kamlangek from his position as RTA CINC on 27 May. He now holds the single position of supreme commander.

"As for those pamphlets attacking me, that's of no importance. I don't mind. But we can't allow them to criticize the monarchy. Time will tell what action can be taken. Our officials are trying to find those responsible," said Gen Athit to reporters about why he had used his power as director of the Internal Peacekeeping Command to order military and police officials throughout the country to take urgent action to find and prosecute those responsible for these two pamphlets.

Special Branch Police and military news sources said that these political troublemakers began distributing these pamphlets throughout the city at the beginning of June. Those who had lost power started this. They attacked Gen Prem for the way he had carried out his duties, particularly his handling of the economy. They also attacked Gen Chawalit on the old charge that he has ties to communist returnees, the important one being Mr Prasoet Sapsunthon, a former member of the Central Committee of the Communist Party of Thailand who surrendered to officials and served as an advisor to the Internal Security Operations Command. Charges were also made about his use of the secret military fund and his personal business affairs.

At the same time, the other set of pamphlets attacked Gen Athit, charging that he had made improper use of the secret military fund, that he had been unfair in administering military affairs, and that he had ties to certain construction companies and arms dealers. Even his personal life was criticized. A news source in the Special Branch Police stated that some of these pamphlets were four pages long. Some were six pages long. They were distributed to military and civilian officials and businessmen. Finally, they were distributed to people everywhere.

Mass Forces Try To Ruin the Election

Besides this, two other important targets were the Democrat and Citizens parties. They were criticized for being the political base of Gen Prem Tinsulanon. The pamphlets charged that they had received both direct and indirect support from Gen Prem in order to help them win a large number of seats in the election. Col Phon Roengprasoetwit and Mr Tamchai Khamphato, two important leaders of the United Democracy Party, also came under attack. It was charged that this party has supported Gen Athit Kamlangek.

"There are two pamphlets in particular that have shaken political stability. One pamphlet attacked the royal family directly. The other attacked the dismissal of Gen Athit, saying that Gen Prem acted improperly toward a senior institution. It also took the opportunity to attack important members of the royal family," said an army news source to LAK THAI. He confirmed that the military has clues as to the identity of those responsible for these two pamphlets. After Gen Athit Kamlangek issued orders to find the people responsible, agents were sent to conduct an investigation. It has been learned that those responsible are people who want to topple the government. And they have ties to a political magazine that is thought to be involved.

Army and Special Branch Police news sources said that in addition to distributing pamphlets in an attempt to confuse the political situation, the people behind this are also carrying activities among mass power groups, including student and labor groups and social organizations. They are using the various problems that have arisen in order to make preparations for launching a nationwide movement when the time arrives.

"We have ordered people to monitor the activities of the river transport workers, who have long had problems concerning wages and lay offs. They could explode at any time. Besides this, there is opposition from various organizations and mass groups in Phuket Province and the south concerning the tantalum plant. Our intelligence unit has reported that these movements have been infiltrated. And in Chiang Mai, widespread opposition to building a cable car to the top of Doi Suthep could break out at any time. And most important of all are the activities of students at Khon Kaen University and other institutions in the northeast. The situation in Khon Kaen could explode at any time because of the election of the rector and the expulsion of students," said a news source from the Special Branch Police to LAK THAI about the organized activities, including distributing pamphlets and carrying on mass activities, aimed at causing political turmoil that could lead to violent change. And that means that the election of MPs, an important mechanism of the democratic system, would have to be cancelled.

However, a news report from the Government House stated that Gen Prem has received frequent intelligence reports about these activities. The government has issued measures to deal with this. In the case of the tantalum plant, Gen Prem has yielded to the demands of the people of Phuket. He has yielded because the majority of the people and even the mass media supported this movement. As for the mass force activities in Bangkok, the Special Branch Police has been ordered to monitor things closely and disperse groups before they have a chance to unite and launch a major movement.

Another news source from the Special Branch Police said that this is placing a heavy burden on police officials. The Special Branch Police has kept a close watch on the activities of the various mass groups. But recently, these groups have been infiltrated by certain power groups, which have taken control of the activities of the mass groups. Thus, it is difficult for the Special Branch Police to control this. It is worth noting that these mass groups have ties to foreign political organizations.

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CSO: 4207/281

THAILAND

'TURK' TALKS OF RETURN TO ARMY, MANUN, POLITICS

Bangkok LAK THAI in Thai 3 Jul 86 pp 29-31

[Interview with Special Col Chanbun Phentrakun, a Democrat Party Candidate in Constituency 1, Dusit; date and place not specified]

[Excerpts] [Question] Why have former young turk officers decided to run for election?

[Answer] At first I didn't intend to run in this election. I planned on running in 1987. But Col Sanan (Chachonprasat) and Gen Han, the deputy leader of our party, asked me to run. I am running in Dusit because that is where the party asked me to run.

As for why I have become involved in politics, after I was dismissed from government service, I realized that just sitting about would not improve things. And so I decided to earn my master's degree in administration and human relations. I also studied political science. After graduating, I waited for the right time to get involved. I still have ideals.

My ideals are those of the young turks. That is, we want to work for the people. We don't feel that the events of 1-3 April achieved anything, because we were defeated. Even though we had the forces, we did not want to shed blood to gain victory. I and other young turks fought in Vietnam and saw the people there fighting each other. There was much killing. We were afraid that something like that would happen in Thailand. Thus, we did not use our forces.

[Question] Does that mean that you think that the country should be changed using political means rather than force?

[Answer] Yes. When we staged our rebellion, we were still very young and hotheaded. We wanted to change things immediately and find new people who could administer the country's financial, economic, and foreign affairs. We knew that we could not administer those things. We intended to select good people and then withdraw. We knew from past lessons that a dictatorship could not survive. We knew that the harsher the dictatorship, the stronger the communists would become. And it would not have been possible to solve the problems of the people. That is my past image.

I am pleased by the support that the people have given me in my campaign. We did not reach our objectives at that time. We lost our position and admitted defeat. But I was resolved to become involved in politics, that is, in the parliamentary system, in the future. This is the best way to solve the problems of the people.

[Question] Maj Gen Chamlong Simuang, a young turk classmate, has been elected governor of Bangkok Metropolitan. It is said that this has given young turks a good chance of winning election. What do you think about this?

[Answer] Because Maj Gen Chamlong was a classmate of mine, before I became a candidate, I and Col Bunsak Phocharoen went and talked with Col Prap Chotikasathian, another classmate who is now serving as an advisor to Maj Gen Chamlong. He recommended that I talk with the governor. We talked together like friends. I asked him what he thought about my running for election on the Democrat ticket.

He said that that was fine. He said that any party would be fine. We are a democracy. He said that we are free to join any party. I asked him if I could cite our friendship and the fact that we fought together in Vietnam during my campaign. He immediately exclaimed that that was the truth and that there was no way to stop me in any event. I felt much better when he said that. Thus, when campaigning, I sometimes tell people that I and Maj Gen Chamlong were classmates.

I say that I met with him and that he gave me permission to mention his name. But at that time, he said that he had to remain neutral. I think that that is correct. Not remaining neutral would invite disaster. This is a democratic election. Every party has to watch and see if there is any bias. The governor has a bright political future. Why would he jeopardize this just to side with a friend? That's impossible. I wouldn't agree to that and neither would he. Friendship is one thing. Even though we are friends, we each have our own mask. I feel happy about this.

[Question] You mean he has given you personal encouragement but is not using his position to help you.

[Answer] That's right.

[Question] What are the differences between being a politician and being a soldier?

[Answer] The military is just one ministry. As a soldier, you can't do too much to serve the country. But in a democracy, as a politician you can serve the country in a very broad way. You can serve as the representative of the people. You can help people throughout the country. Soldiers help the nation but in a more limited way. That is, they help defend the country. But they can't help solve the problems of people throughout the country.

[Question] Does that mean that unlike other young turks, you are not considering returning to military service?

[Answer] That's right. If we are allowed to return to military service, I think that it will be the younger ones who return. I don't plan to do so. My goal is to involve myself in politics. I have no desire to rise higher in the military. I am 51 years old. I still have much time left to help develop the country.

[Question] Gen Chawalit, the new RTA CINC, has promised to help the young turks gain reinstatement in the military. Do you think that that will happen?

[Answer] I think so. Because if it is his policy to help, I think that he will. But when they are reinstated is up to the minister of defense. This doesn't have to be submitted to the cabinet. The RTA CINC must submit the matter to the supreme commander, who in turn submits it to the minister of defense. If the minister signs the order, that settles the matter.

[Question] Several other young turks are running for election this time. Some are members of the Democrat Party; others belong to other parties. For example, Col Prachak Sawangchit has joined the Thai Nation Party. Have you talked with each other about why you are running and how you would work together?

[Answer] We used to talk about playing politics. We agreed that it was up to each person and that we didn't have to join the same party. It was up to each person to decide. This is democracy. But we all share one common objective and that is to work for the people and help solve the problems of the people. Any party is fine. But we may have a chance to work together sometime. Or perhaps one party will be part of the government while another will serve as an opposition party. Politics has its reasons. But we can still be friends. We can talk to each other. It will be easy for us to coordinate things.

[Question] While campaigning, Col Prachak said that he would try to help Col Manun return home. What do you think about this, and will you help him if you have a chance?

[Answer] I agree with Prachak. That is, we should treat him fairly. He is not a bandit. He did not plunder the country. It's just a matter of a difference of opinion concerning democracy. But he has sometimes acted too strongly because of a desire to change things quickly. There was violence, and there may have been something else behind this. We don't know, because he had returned from abroad just 3 days prior to those events.

But we are still friends. If I have a chance to help him, I will. He is a good person. He was not trying to destroy the country. He was just trying to help the people. As for the events of 9 September, I am sure that besides doing that for the sake of the people, he was also trying to help his friends who had been dismissed from military service for participating in that earlier rebellion and who had been waiting 5 years to be reinstated. They had been waiting and waiting and had almost lost hope. He wanted to help his friends return to military service. I don't know all the details. But I agree with Prachak. If we have a chance to help our friend, we must do so.

[Question] If you are elected MP, one way would be to draft a law granting a pardon.

[Answer] That's right. If I am elected MP, I will definitely help draft this law.

[Question] Will you take the initiative in drafting this law?

[Answer] I am new to politics. If I have a chance, I will do so. But I will have to discuss this with others in the party and coordinate things with Prachak. We have to take action simultaneously.

[Question] During the events of 9 September, Col Manun, who was no longer in the military, was able to give orders to soldiers on active duty. Why was that?

[Answer] If an officer is a good commander.... As I told you earlier, a good officer is one who looks after the interests of his subordinates. He has contact with soldiers at all levels, from private on up, and with their families to see how they are getting along. As you know, soldiers are poor. Sometimes, when a soldier cannot afford his children's school tuition or he has medical bills, the battalion commander has to help solve the problems. He has to look after their welfare and show sympathy for them. This is something that you can't buy.

I don't think that you can gain the prestige that Col Manun enjoyed in just 1 or 2 years. It takes many years, starting when you are a company commander, to gain that kind of prestige. I believe that he was able to get those men to obey him because they still had great confidence in him.

[Question] But scholars will say that this shows a lack of discipline. An outsider was able to give orders to soldiers on active duty.

[Answer] That is because we look at things differently. If you look at this from the standpoint of a scholar, that is correct. But looking at this from another angle, he thought that he had enough prestige to get his former subordinates to take action on behalf of the country and the people. He had his own ideals.

But regardless, he had returned from abroad just 3 days before this happened. He did not tell any of his friends about this. I, too, am confused about that. Thus, I don't want to speculate. I might be wrong, and that would be bad.

[Question] Have you been in contact with Col Manun?

[Answer] No. I have just heard that he is still in Germany. But we have not been in contact.

[Question] What do you think about the present state of the military?

[Answer] I think that there is greater unity and better discipline. Do you know why? It depends on the top. If those at the top provide good leadership,

their subordinates will have confidence in them. The present RTA CINC is a good example. His subordinates feel that he is fully prepared. He is resolute, modest, and knowledgeable. It is difficult to find someone so well prepared. And he has progressive ideas.

[Question] Have you ever worked with this RTA CINC?

[Answer] Yes. He was once my instructor at staff school. He has much knowledge and experience. He was a lieutenant colonel at that time. I was a captain. He developed himself constantly. His superiors saw the results of his work and so he was promoted higher and higher. We were very proud of him.

[Question] He has said that he intends to reform the military. Do you think that he will succeed?

[Answer] I am sure that he will. I have great confidence in him. I am sure that he will succeed. I don't know what else to say. All I can say is that I have great confidence in him based on his past accomplishments. He has great resolve. Another thing is that, to succeed, you have to have the support of your subordinates. All of his subordinates have great confidence in him. It won't be difficult.

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CSO: 4207/281

THAILAND

MANUN CORRESPONDENCE WITH PRACHAK PUBLISHED

Bangkok KHAO PHISIT in Thai 30 Jun-6 Jul 86 p 7

[Unattributed report: "Letter From Col Manun to Prachak Sawangchit, a Candidate for MP from Bang Khen"]

[Text] When he learned that his "friend" was going to run for election in Constituency 7 in Bang Khen as a member of the Thai Nation Party, he hurried to wish him well. The latest letter from Col Manun Rupkhachon, the former secretary of the 1-3 April 1981 Revolutionary Council, a young turk leader, and the leader of the 9 September 1985 Revolutionary Council, sent this letter from Germany to Col Prachak Sawangchit. The main point of the letter was to give encouragement to his fellow classmate, both of whom were members of CRMA [Chulachomklao Royal Military Academy] Class 7.

A news report said that Col Manun also sent encouragement to other young turk friends who are running for election. But the news report did not say what hopes Col Manun has regarding Thai "politics." His letter to Col Prachak is as follows:

West Germany
14 June 1986
Dear Prachak,

1. I want to wish you good luck and success in your endeavors.
2. I have heard that you are quite popular. I am very happy for you. But don't become careless. Nothing is for certain until after the results are in on 27 July. We know what Thai politics is like. Leaders are selfish and like to stage filibusters, or freebooters.
3. Please look after my subordinates for me. I haven't had any news recently. But the lawyers will probably handle things.
4. Please say hello to

That's really all I have to say. I am waiting for news from Thailand, where things are changing.

Sincerely,

Manun

PS: Please say hello to everybody and give my thanks to your lawyers.

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CSO: 4207/276

PAPER REPORTS ON GOALS OF PEACE ACTIVISTS

Bangkok THE NATION in English 9 Jul 86 p 16

[Article by Nawarat Acosta]

[Text] THIS organization has announced that, "As 1986 has been declared the International Year of Peace by the United Nations, we deem it necessary for Thais to express their ardent love for peace and join this international movement by launching a national campaign under the banner of the "Coalition for Peace and Development."

And thus, a national campaign has been launched. A "Peace Caravan" has been set up by the organization of "Coalition for Peace and Development (CPD)" headed by Chairman Sem Pringpuangkaew, involving mobile units sent to various provinces to promote the awareness of peace among the youth. The main target of the four-month-old peace caravan has been students in college and universities in provinces of Thailand, for CPD believes that these young people should be responsible for the future and learn peaceful co-existence with other countries. Only by starting from the basics of emphasizing on peace can these students acquire an awareness of peace on an international level.

Laddawan Tantivitayapitak, the CDP coordinator, says activities presented to students include exhibitions, dramas, skits and musical programmes, all related to the peace theme. Speakers are invited to address the students, and pamphlets are distributed.

A discussion session is held between peace caravan members and the students to gauge their reactions of the presentations they have watched.

They respond very enthusiastically to the films and exhibition, relates Laddawan. Initiating the first step of letting young people know what peace is and what is going on around the world is CPD's major achievement.

But for these provincial students, their concept of peace is still very limited. Peace to them is a concept restricted to the family circle, maybe out as far as the community and school, but not rally does it reach the international level. However, the aftermath of the atomic test at Hiroshima was of great interest to the students. It is mostly the incidents that occur in the past which the students are aware of, understandably because of their distance from the city.

Yet as a result of the peace caravan's efforts, achievements are emerging. Gothom Arya, vice chairman of CPD, says that the concept of non-violence is introduced. In the plays performed, concrete examples in the context of a school setting occur, so everyone can interpret the show from their own perspectives. Gothom says that once these students can relate to the story based on their personal experience, they can make the move to learn.

Despite the initial shyness on the part of students, a yearning for peace is gradually growing. One teacher from a provincial university approved immensely of the peace caravan saying that the students are normally only taught about the good aspects of society, and do not see the whole picture. But being made aware of ongoing wars,

poverty, exploitation on both national and international levels they join the bandwagon for peace.

August 16 will be the "Thai Peace Day." This day was established in 1945 when the Thai government announced the end of Thai involvement in World War II. Adding to the clamour for peace are joint peace celebrations to strengthen the longstanding Thai-Lao friendship. CPD has managed to negotiate an exchange programme involving professionals in the arts. Both countries have agreed to send students from the respective countries to act as ambassadors of goodwill and to expose them to the other country's culture. As CPD says, "this International Year of Peace should be an excellent opportunity to strengthen close and constant ties with our neighbouring countries, regardless of the differences in terms of ideologic and political systems."

CPD will also stage live concerts by a number of the country's popular bands which will deal with the peace theme. These concerts will be accompanied by a multi-vision slide show depicting the lyrics. An essay-writing contest, international students peace forums, instruction on peace by Buddhists monks and a campaign to make Bangkok a nuclear free zone are activities which will all lead further to the goal of peace.

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CSO: 4200/1271

HUMAN RIGHTS GROUPS DENY CONTACT WITH COMMUNISTS

Bangkok THE NATION in English 16 Jul 86 p 4

[Text] **T**HREE of the human rights groups operating in Thailand have denied that they have had any contacts with the members of the Communist Party of Thailand (CPT). Actually, there is no CPT at all operating openly but there are several communist insurgents who have taken advantage of the government's offer of pardon and have surrendered.

While it is clear that the human rights groups could not have been infiltrated by the few communist insurgents still operating in the jungles, it's also unlikely that those who have been pardoned would risk their freedom and try to join human rights groups which are small and wield almost no influence here. Thailand, from all standards, maintains a very good record in the observation of human rights and there is actually no need for monitoring it.

The denial of any contact between human rights groups and communists came as a response to a charge by National Security Council Secretary General Prasong Soonsiri that the groups had been infiltrated.

Actually he should not have made such a charge without specific evidence but he was obviously taking it for granted because it is the common pattern in other countries.

Especially in Europe, there are numerous organizations which stand for peace, stand against nuclear missiles and power plants, stand for environmental causes, stand against American military presence in Europe, and for numerous other minor causes. Almost all of them are infiltrated by the communists and many of them by *agents provocateurs* who incite demonstrations and rallies and sometimes even direct confrontation with military bases.

Sqd Ldr Prasong must have been thinking about this when he said that human rights groups are infiltrated by communists. The matter came up because the prestigious Amnesty International reported torture of three refugees in Khao-I-Dang camp. Prasong said that he had investigated the matter and there was no truth to that allegation.

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CSO: 4200/1271

THAILAND

LAO RESISTANCE, DK DEFEATS; THAI SUPPORT DISCUSSED

Bangkok KHAO PHISET in Thai 26 May-1 Jun 86 pp 24-26

[Article by Chon Botchon: "The Sad Song of the Expatriate Lao, Barbed Spikes on the Long Refugee Road"]

[Excerpt] When we went to Na Chaluai District in Ubon Ratchathani Province, we met Siang Mi (an assumed name), a former officer in the Lao national liberation movement (or White Lao as the villagers in that area refer to them). His native home is near Dong Khanthung (the point where Thailand, Laos, and Cambodia meet) in Khong District, Sithandone Province. Walking southeast from the village where he is now living, it takes about half a day to reach the village where he was born. Before he joined the Lao resistance, he was on the rice granary control committee in his native village. He did not flee at the same time as others from his village following the administrative change. His eldest son joined the Lao People's Army in 1979 and was stationed in the province. A neighbor who had joined the Lao National Liberation Army (the guerrilla army) persuaded him to flee across the border into Thailand in order to fight for national independence. He hated the Vietnamese soliders who had seized control of the country and so he decided to flee to Thailand with his family, except for his eldest son, who was a Red Lao soldier.

After coming to Thailand, he lived as a soldier with the Lao resistance forces at Huai Pongling. Their camp was located near a Khmer Rouge camp. Their camp was located between the Pong Daeng pass, which provides access to the plains in southern Laos, and the Pok pass, which provides access to the plains in eastern Cambodia. It was not too far from Dong Khanthung. Siangmi led Lao resistance forces on military operations in southern Laos. That is, he carried on operations near his old home. Thus, the father was on one side while his son was on the other. Using the language of Kaysone Phomvihan, the father was a reactionary while his son was a revolutionary. Life can be even stranger than fiction for those at the bottom of society, the pawns in this terrible war.

In 1985, the Lao and Cambodian resistance groups suffered serious defeats. The Lao military camp at Huai Pongling was overrun by Vietnamese and Heng Samrin forces. The Lao resistance forces withdrew and stayed in Thai villages along the border, such as in Na Chaluai and Buntharik districts. That was the end for the Lao resistance forces that had set up bases in the jungle along the

border between Thailand, Laos, and Cambodia. They became refugees at the Lao refugee centers at Ban Non Noi and Ban Nong Saeng in Buntharik District, which are under the control of the Thai military. Only a few people are living outside these centers. Those include Lao who have settled down in Thai villages and who have been granted special rights. It also includes the armed forces of Ta Plang. This group has refused to lay down its arms or live in the refugee center. This group fled Thailand during the 1985 rainy season and went to live in the Dong Khanthung area. It reappeared in Thailand only recently. Seven members of the group crossed into Thailand for some unknown reason. By chance, the leader of this unit, a man named Inpaeng Sanaophan, stepped on a mine and lost his left foot. Thus, this group reported themselves to the district officer in Na Chaluai District in order to ask Thai officials to take their leader to the hospital for treatment.

Siangmi is an expatriate Lao who does not have to live at a refugee center. But he is still subordinate to the head of the Lao national liberation movement, who lives at a center. Today, he has to send his youngest son for military training in order to prove that he still supports the Lao resistance. He said that the Lao who live at the centers and in the Thai villages do not have a chance to go to a third country. Because most of these are uneducated villagers, and they do not have any relatives living abroad. They have only one choice, and that is to struggle to liberate their country so that they can return home. There are many who want to move out of the refugee centers. But that is very difficult. Unless they know someone, they are just arrested and sent back to the center.

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CSO: 4207/276

THAILAND

TANK GUNS UNSERVICEABLE, CORRUPTION SUSPECTED

Bangkok LAK THAI in Thai 3 Jul 86 p 7

[MC Wan Hotline column: "Tanks Without Guns"]

[Text] Many of the M41 tanks of the Saraburi Cavalry Center and of the 2d Cavalry Division are like ordinary caterpillar tractors or graders. Inspections have found that 45 of the gun barrels on tanks almost 20 years old are in a state of disrepair and could pose a danger when the guns are fired. That is, the barrels might shatter (although the guns worked fine when the same type of tank was used at the Phra Rup grounds during the 9 September 1985 rebellion). If a tank does not have a gun, or has only a loading mechanism but no barrel, the tank is like an ordinary road grader. It has been recommended that the Ordnance Department procure 45 gun barrels for M41 tanks and replace the defective ones as quickly as possible. The problem is that this is an old type of tank. When they produced these tanks, each tank was fitted with one gun. Parts may still be available somewhere in the world, but no one is sure just where. This is because this tank is not in widespread use anymore. The Ordnance Department is getting a "price quote" from a company that said that it could provide 45 gun barrels. The medium price is 800,000 baht per barrel. The thing that people are talking about is that in getting price quotes (not bids) for these 45 gun barrels, it seems that the matter is being handled in an unusually hurried manner. If things are done too hurriedly, they might sell us old gun barrels that were removed from other tanks that can no longer be used but whose gun barrels are still serviceable. One cavalry officer told MC Wan that it would be better to use the old barrels than to purchase barrels that aren't any good. This matter should be considered much more carefully. We shouldn't be in too great a hurry. It's as if we are afraid of being too late.

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CSO: 4207/276

EVACUEES OF KOH KONG RETURN

Bangkok THE NATION in English 10 Jul 86 p 9

[Article by Pratya Sawetvimon]

[Text] "WHEN we were in Kampuchea, the Khmers called us 'Siems'. When we arrived in Thailand, the Thais called us 'Khmers'," says Noo Suppawat, 53, one of the Thai ethnic evacuees from the Kampuchean southwestern province of Koh Kong.

Late last month, 401 Thai ethnic evacuees from Koh Kong, previously known by the Thais as "Prachantakirikhet," took an oath and pledged fidelity and loyalty to the Kingdom of Thailand in a ceremony held at a small school in Trat provincial seat on the Thai eastern coast.

The ceremony, attended by several senior provincial officials and Koh Kong evacuees from several districts in Trat — 249 from Klongyai, 127 from Muang, 22 from Laem-ngop and three others from Bo Rai — was part of the government's effort to restore citizenship to Thai ethnic evacuees from the Kampuchean coastal province.

Koh Kong or Prachantakirikhet was part of Thailand before the Thai Government lost it by treaty with France in 1907 in exchange for regaining Trat Province from French occupation. The Thai Government in the same year also lost Battambang, Siem Reap and Si Sophon to Kampuchea which was a French colony at that time.

So when Kampuchea attained its independence from France in 1953, the Thai ethnic people in Koh Kong automatically became Kampuchean citizens.

According to an official report, the movement of Thai ethnic Koh Kong people into Thailand mainly took place during three periods of time. The first one was during the reign of Prince Norodom Sihanouk in Kampuchea in 1959 when Thailand and Kampuchea disputed the possession of Khao Phra Viharn, a holy ancient Khmer ruin on the Thai-Kampuchean border.

The migration at that time stemmed from fears among the Thai ethnic people in Koh Kong that the communication between them and their relatives in Trat might be prohibited because the Thai-Kampuchean frontier was going to be closed.

A flow of Thai ethnic people from Koh Kong into Thailand occurred again six years later after the conflict between the two neighbouring countries escalated. The Kampuchean Government during that time placed political pressure on the Thai ethnic people of Koh Kong, causing their movement into several districts of Trat especially Klongyai located on the tip of the eastern coast.

The latest emigration of Thai ethnic Koh Kong people into Trat took place during the Khmer Rouge era in Kampuchea. Fighting between Lon Nol government forces and Khmer Rouge guerrillas during 1970 to 1975 caused a sporadic influx into Thailand.

However, the largest mass migration occurred after the Khmer Rouge took over Phnom Penh on April 17, 1975, bringing

Kampuchea under Pol Pot's reign of terror. The torture and bloody purge by the Khmer Rouge during the Pol Pot regime caused the first mass movement of Thai Koh Kong people into Trat.

"Pol Pot's soldiers tortured us because they knew that we were Thai ethnic people," one Koh Kong immigrant recalled of life in Kampuchea during the Pol Pot era. "They forced us to work as farmers and shot us if they found us were sailing offshore, heading for the Thai side," he said.

"We could not wait until they tied our hands behind our backs and shot us in our heads so we moved into Thailand," said Noo who arrived in Klongyai District in late 1976.

Noo said he and his family — a wife and six children — fled Koh Kong by boat to Klongyai, hoping to meet relatives in the Thai district. Noo currently lives with his relatives and is a fisherman in Klongyai.

The Thai Koh Kong immigrants stay mainly with relatives in Klongyai. Only a small number of them live in other nearby districts.

Though the government allows them to live and work without restrictions, Thai Koh Kong immigrants are still prohibited from going out of their residential districts without permission from local officials.

Since the Thai authorities do not allow the Thai Koh Kong immigrants to own land, some property and some working instruments, most of them have to live in poor conditions.

Some Thai Koh Kong evacuees in Klongyai also smuggle by sea between Thailand and Kampuchea, posing another problem to Thai authorities.

Local officials sometimes are reluctant to control the sneaking across the border into adjacent Kampuchean provinces because most Thai ethnic immigrants still have relatives living in Koh Kong.

According to an official report, more than 5,000 Thai ethnic evacuees from Koh Kong are registered as immigrants and have to report to local officials monthly. They are not allowed to work freely as some careers are prohibited by the authorities.

The Thai Koh Kong immigrants are closely watched by local officials and anyone caught smuggling or providing information to Vietnamese-backed government troops in Kampuchea will lose their chance at naturalization by the Thai Government.

The Thai Koh Kong immigrants who undergo the naturalization process must reside in districts limited by the government, and must be able to prove that they have relatives in Trat.

According to the Cabinet resolution of February 5, 1980, Thai ethnic evacuees from Koh Kong have a chance to become Thai citizens after passing all steps of the naturalization process as stipulated in the Thai alien control law.

So far, about 300 Thai ethnic evacuees from Koh Kong have received identification cards issued by the Thai Government, making them citizens of Thailand. However, they still have no right to vote in a general election because they are not Thai citizens by birth.

Local officials said that about 2,000 Thai Koh Kong evacuees are currently undergoing the naturalization process and will soon receive Thai citizenship.

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CSO: 4200/1271

GOVERNMENT-COMMERCIAL BANK RELATIONSHIPS EXAMINED

Bangkok LAK THAI in Thai 3 Jul 86 pp 34, 35

[Economics and Business column: "The Government and the Commercial Banks, Requests for Contributions"]

[Text] A great effort is being made to obtain funds for the giant eastern seaboard development project. Certain technocrats and groups that are involved in eastern seaboard development projects, such as the Petroleum Authority of Thailand, which wants to build a second gas separation plant (now that the first gas separation plant has been built), are making a great effort to persuade the government, particularly Gen Prem, to approve investing in this project. Otherwise, the plans for developing petroleum products will not be implemented. The construction of a petrochemical plant is another project that requires billions of baht in investment capital. The people involved in this are waiting hopefully, too. The Maptaphut deep-water port project is the first port project. This project must get underway. If it is completed, it means that the other projects in the eastern seaboard development plan will be implemented, too, including the national fertilizer project. Many people involved in this project are very concerned. Because when one problem has been solved, another has been encountered. This has delayed things to the point where several administrative officials have considered resigning.

One thing that is encouraging is that the various projects that make up the eastern seaboard development project, with all the projects together requiring investment capital totaling several tens of billions of baht, have joined together in an attempt to persuade government administrators, particularly Gen Prem, to agree. This is the way to beat those technocrats and government officials who oppose the eastern seaboard development project. Some technocrats and bankers feel that this policy, which will require the government to invest billions of baht, is not the correct policy in the present situation. They feel that the government should halt this project and instead support the many medium- and small-scale business projects that are on the verge of collapse. Those projects form a foundation for the majority of the people and a basis for the survival of the country. If these medium- and small-scale projects are not supported, this will pose a danger to the country's economic system in the future. This is because the country's medium- and small-scale economic base will no longer exist. Only large projects will be left, and the people will all be employees. This will widen the gap between

the classes. There will be only two classes in society, the rich and the poor. This is very worrisome. Another thing is that in selling their products, the large-scale projects must rely solely on foreign markets. This may pose a problem, because many countries already have fertilizer projects and petrochemical and gas separation plants. If foreign markets set production limits, this will pose serious difficulties for the projects. In particular, the commercial banks, which have excellent technical, marketing, and analysis sections, are all shaking their heads. There is much argument just over standing guarantee for the national fertilizer project, which needs 24 billion baht. Because an analysis of the present situation shows that the risk of suffering a loss is very great. The only question is how long the project would suffer losses. The Ministry of Finance, the Krung Thai Bank (a state commercial bank) and (private) commercial banks refuse to stand guarantee for the national fertilizer project because it is so risky.

However, those who support the eastern seaboard development project scored a victory when they got together and invited Gen Prem to attend a lecture and listen to glowing accounts, including reports on the national fertilizer project. Mr Kasem Chatikawanit, whom people refer to as "Super K," rushed back from Japan to give a lecture, particularly for the benefit of Gen Prem. Other key men in the group also made speeches. Samurai Sommai invited five leading bankers to lunch. And there was a "hotline" from Prem. Eight banks were asked to stand security for the national fertilizer project. The bankers at the lunch could not refuse.

A news source from one commercial bank disclosed that "this is another government request for contributions. The research data all show that the national fertilizer project is very risky. We don't know what the government wants. They know that this project will suffer losses, and yet they want to proceed, perhaps because they don't want to lose face. The losses sustained so far are bearable. But no one knows how great the losses will be in the future. When the government makes such a request, how can the banks refuse? This is like other projects for which the government has requested contributions. What bank would dare oppose the government? I don't know why they are still asking for contributions like this. People say that the bureaucracy is always making "requests" of the private sector."

As long as the Thai bureaucracy continues to make requests that are harmful to the country as a whole, particularly requests for cooperation from the commercial banks, the bureaucracy will not be able to maintain tight control over the commercial banks. If the government can make requests of the commercial banks, why can't the banks make "requests" of the government? Thus, there will continue to be rumors about the insecurity of the commercial banks and the lack of proper supervision by the national bank as long as "requests" continue to be a characteristic of the Thai bureaucracy.

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CSO: 4207/281

PAPER REPORTS ON DEBT PROBLEMS FACING SOME BANKS

Bangkok THE NATION in English 15 Jul 86 p 17

[Article by Vajara C. Santikul]

[Text] ABOUT four or five commercial banks will have to raise their registered capital by 500-1,000 million baht each to prevent their problems from getting beyond the control as experienced by the Sayam Bank Ltd and First Bangkok City Bank Ltd, said well-informed sources in the monetary circle.

They said that the problems prevailing in these banks are similar to "time bombs" which have to be defused as soon as possible, said the sources.

The banks, which have to expand their capital base, are those affected by economic downturn, making it difficult for them to operate with enough profits to write off bad debts or increase their reserve for doubtful loans.

The amount of sour loans seems to be growing and the Bank of Thailand will have to act swiftly so that these banks broaden their capital base to suppress the looming problems and strengthen their position, said the sources.

These measures, if exercised by the monetary authorities to effectively resolve the problems faced by these banks, would enable the banks to be on a more sound footing, said the sources.

The banks which are facing problems were not named but it

is known among the banking community that they were facing difficulties due to the sour loans.

The main problem stems from the fact that these banks' liabilities have exceeded their performing assets, said the sources.

The problems were partly due to the lack of proper and systematic cost control. The monetary authorities, therefore, must have a strong determination to take swift actions necessary to end the problems before any further damage is done to the overall banking system, said the sources.

The authorities have already been criticized for the slow actions taken against the executives of the ailing First Bangkok City Bank whose former President Kamron "Coro" Tejapaibul was able to slip out of the country before criminal charges were filed against him. Kamron is believed to have taken refuge in Taiwan which has no extradition treaty and diplomatic relations with Thailand.

The authorities, however, defended themselves by saying that the special decree promulgated last November would not enough because it takes time to build up legal evidence. The available evidence was not sufficient to apprehend Kamron when he fled the country.

Total assets of the banking system, including those held

abroad, amount to 800,000 million baht, said the sources. Out of the amount, the lending in the form of risk assets amounts to 400,000-500,000 million baht while the capital funds amount to only 40,000-50,000 million baht.

To solve the problems in the banking sector, there are two options which have to be implemented simultaneously. The first is to provide financial assistance from the Bank of Thailand. Another option is for the government to have a strong will with a clear direction to solve their problems. Without the two factors, no amount of financial assistance will ever be enough to end the woes of ailing banks.

The policy adopted by the central bank so far was to prevent ailing banks from collapse. Bank of Thailand Governor Kamchorn Sathirakul has said that to solve the problems the authorities have to move step by step according to the established procedures, and that the remedial actions must be jointly carried out by the authorities and private financial institutions.

Meanwhile, Kamchorn denied a report yesterday that he had been criticized by the prime minister for his handling of the problems of the First Bangkok City Bank.

"That is not true at all," said Kamchorn through his aide. When he attended the Cabinet meeting last Tuesday and when he met the prime minister, the problems of the bank were not discussed. Moreover, the Finance Ministry is well aware of the bank's problems through periodic central bank report.

"The central bank has done its best. But the report has damaged the reputation of the Bank of Thailand," said Kamchorn. He pointed out that the prime minister had enquired about the financial and monet-

ary actions taken by the central bank and praised the bank for its stringent measures and swift actions.

Meanwhile, Kamchorn's deputy Chavalit Thanachanan said that overseeing the operations of the commercial banks is the primary responsibility of the central bank. But he admitted that the actions taken by the central bank might have some defects because though there are only 16 commercial banks, they have 1,500 branches. It took two years for the authorities to complete one round of examinations of their position, he said.

"What the authorities discovered were wrongdoing already committed. If damage could be found quickly, there will be the need for the authorities to inspect their operations at every important point," said Chavalit.

He explained that the central bank is trying to get rid of its weak points by stressing on audit management of commercial banks. The authorities now look into management, credit management, guarantee and lending to certain businesses or subsidiary companies. There is also the requirement for efficient internal control.

He agreed that commercial banks must have adequate capital and those which need money must raise their capital to achieve the objectives.

However, the financial assistance from the central bank would come cautiously because theoretically fresh funds supplied by the central bank could be managed by commercial banks and this would lead to growing money supply. But at present, though assistance has been given to Sayam Bank and First Bangkok City Bank, the money supply has not increased by even 10 per cent, said Chavalit. But it will increase the existing excess liquidity.

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CSO: 4200/1271

BANGKOK BANK PROFITS DROP 33.1 PERCENT

Bangkok THE NATION in English 16 Jul 86 p 25

[Text] **BANGKOK Bank Ltd** yesterday reported a sharp fall in pre-tax profit of 33.1 per cent during the first half-year operations compared with the second half of 1985. The bank also predicted that unfavourable economic situation will continue in the remaining period of this year.

The pre-tax profit of 603 million baht was part of a poorer result of the bank's overall operations amidst the prevailing adverse economic conditions.

Senior Executive Vice President Damrong Krishnamara said that the bank had total registered assets of 263,200 million baht of which 195,088 million baht came from deposits. Lending amounted to 196,635 million baht at the end of June.

The banker pointed out that the economic slump has yet to ease out and despite various measures announced by the government to stimulate the economy, no substantial improvements have come about.

"It will take a considerably long time to get the full benefits from the measures implemented. Therefore, the operating results of the bank during the first half of this year were not satisfactory," he said.

He said the trend for further downturn in the bank's performance has continued as predicted earlier.

The earnings have dropped

from 15,491 million baht at the end of last year to 14,342 million baht, representing a decline of 7.4 per cent. The bank's expenditure has declined from 14,589 million baht to 13,793 million baht, or a drop of 5.8 per cent.

The pre-tax profit of 603 million baht represents a steep drop of 299 million baht or 33.1 per cent from the earlier six-month period, said Damrong.

The lending of 196,635 million baht meant a decline of 3,103 million baht or 1.6 per cent. For domestic lending, the decrease amounted to 5,779 million baht or 3.9 per cent. However, this was partly offset by an increase in lending at foreign branches which showed an increase of 2,287 million baht or 4.5 per cent.

Damrong explained that the decline in domestic lending was due to a high rate of repayment of foreign loans because the international interest rates are much lower than the local rates.

At the same time, there was a small growth in domestic credit leading to lower loan demand. These factors were the prime factors for the bank to suffer more difficulties in operations compared to any earlier period.

Damrong said that the deposits outstanding in June amounted to 195,088 million baht, representing an increase of only 158 million baht or 0.1 per cent. The lack of substantial growth was due to the absence of fund mobilization campaigns by the bank.

Bangkok Bank, he said, just let the deposits grow according to its normal pattern. "In fact, domestic deposits showed a considerable growth rate, or more than 4,135 million baht or 2.7 per cent. The foreign deposits shrank by 4,000 million baht or 9.7 per cent, attributing to the overall low growth," he explained.

The total assets, which stood at 263,200 million baht, showed an increase of 2,267 million baht or 0.87 per cent.

Damrong said the bank predicted continuing high excess liquidity in the second half of this year and international interest rates will be on the downward trend. As the baht currency remains stable, there will be more foreign borrowing for repayment of domestic loans. This will cause the bank's lending to shrink further.

The bank will step up housing loans, Bua Luang credit and consumer loans for fixed income earners whose target for growth is expected at 3-5 per cent. But the facility will not be able to compensate for the credit which once showed a high growth rate, said Damrong.

"During the prevailing economic slump and stagnation in business activities, the bank has to be closer to clients and provide them with more assistance, particularly those facing problems so that their businesses can weather the adversity," said the leading banker.

Though the economic situation will not improve, the bank is confident that with improved efficiency in management and emphasis on quality services, organizational pattern and cooperation of employees, the bank will overcome the obstacles, Damrong said.

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CSO: 4200/1271

IMAGE OF FINANCIAL INSTITUTIONS EXAMINED

Bangkok THE NATION in English 16 Jul 86 p 25

[Article by Sam-arng Vudhisaksathit]

[Text] THE image of the Thai financial institutions and the system which is guiding them remain uncertain today. Some are worse than others in the eyes of outsiders. The crisis faced by some has nothing to do with the system itself but rather certain individuals using public deposits for their own personal gains.

The Nation recently talked to a senior executive of one of the country's smallest banks. At the 15th position, Nakornthon Bank has come a long way from a family-run organization with divestiture and name change. How is it that a bank of this size could compete and survive in a fluid environment and a system that is dominated by only a few large banks?

Suvit Wanglee, the president, is looking for growth with quality. At the end of June this year, Nakornthon Bank had total assets of 5,697 million baht. Its credit outstanding was 4,093 million baht and deposit 4,790 million baht.

In a market dominated 70 per cent by 4-5 large commercial banks, Nakornthon's share is a mere 7 per cent.

Suvit said that being small has several disadvantages. The opportunity to achieve large earnings is limited. The limited manpower is another constraint. It cannot jump totally into electronic banking, which is somewhat the fashion today, because of the heavy invest-

ment and a large pool of staff required.

A small bank is shut out of big projects which can yield substantial earnings. Big banks with ample human resources can complete the assessment of a big project within two months. Nakornthon Bank took some six months to complete the evaluation for extending a credit of about 100 million baht to the housing sector.

Suvit's list of disadvantages faced by a small bank goes on.

Its profit is small, its capital fund is less and its asset is minimal.

Small banks are those categorized with an asset less than 20,000 million baht. Nakornthon falls in that category. Medium-sized banks have assets between 20,000-40,000 million baht while big banks have assets of more than 40,000 million baht each.

But not everything should be looked upon in absolute term. Suvit said there are small banks whose profits (in terms of earning per share etc) are just as good as big banks.

Being small also means that its image is relatively obscure. Its limited advertising budget means that its public relations campaigns are few. Its charity contributions are also small.

More operational flexibility is however associated with a small commercial bank, Suvit asserted. Solving a customer's problems can be hastened

through departments and executives and resolved much quicker. A large commercial bank can be compared to a slow moving giant. Small banks are said to have closer contact and relationship with their customers.

Suvit, in response to a question on competitive strategies, said that small banks have to be more selective in their areas. For example, Nakornthon Bank can offer excellent letter of credit facility but it could not offer a novelty such as the Electronic Money Transfer at the Point of Sales. "(The latter) is an exercise in vain," Suvit asserted.

Nakornthon Bank has always managed to reach its deposit targets annually largely contributed through branches. Wang Lee, its former name, is well-known among the business community.

The bank recently set up a business development division which came out with a housing loan project as its first piece of work. This scheme was envisaged as a support instrument to resolve excess liquidity in the market. This scheme is aimed to serve medium- and high-income earners in acquiring houses.

Suvit, during an interview with The Nation last year, was apprehensive about investment in Automatic Teller Machine (ATM) and in this interview he did not depart much from that line of thinking. He said Nakornthon's participation in the ATM pool led by the Bangkok Bank, the country's

largest commercial bank, is not viable for a small bank such as this. But this is unescapable due to market popularity.

The bank plans to go "slow" on the ATM scheme. It plans to set up only five machines this year and seven more next year. It has no plan to install ATM outside the bank premises.

The question of bank divestiture does not seem to hold much priority in the official policy of the Bank of Thailand these days. Nakornthon is, nevertheless, in a comfortable position in this regard with more than 700 shareholders. Citibank N.A. has a small share in this bank and has provided the bank with modern banking practices.

Suvit was grateful that banking measures introduced by the Bank of Thailand were always considerate towards small banks. Small banks often have priority over big banks when requesting to open new branches.

Nakornthon Bank has 18 branches. The Bank of Thailand has allowed the bank to open six more branches — four in Bangkok and two in the upcountry. Suvit said the bank will only be able to open two more this year.

"Competition with big banks has to be in selective areas," he said. He said size does not matter in the final analysis since good banks must be efficient and must have public's confidence.

Nakornthon Bank has been growing. Its market share today is 0.7 per cent compared to 0.4 per cent three years ago.

/13104

CSO: 4200/1271

ANALYST VIEWS EMERGENCE OF NEW PRK LEADERSHIP

Bangkok THE NATION in English 17 Jul 86 p 5

[Text]

Dear Sir,

I would like to offer an answer to one of the questions raised by M.R. Sukhumbhand Paribatra today in "Issues and Riddles from Down Under", that is, "(What) is the nature, extent and impact of this 'Khmerization' ... In which specific areas are Kampucheans 'co-opted' into participating in this process ... How many of them ... What kind of Kampucheans...?"

After the foundation of the People's Republic of Kampuchea in January 1979 it was possible to distinguish two groups of Kampucheans in the PRK leadership — those who had lived in exile in Vietnam during 1954-1970 or later and who then broke with, or were treated as enemies by, Pol Pot, and those who had not spent lengthy, or any, exile in Vietnam and who had been part of the Democratic Kampuchea leadership apparatus until 1977 or 1978.

Within the People's Revolutionary Council which governed during 1979-1981, twelve 'Hanoi Veterans', including Premier Pen Sovann, held ministerial posts, against five former DK cadres, of whom Heng Samrin, Hun Sen, and Chea Sim are the best known. Only Minister for Education Chan Ven was a former non-revolutionary professional reduced to peasant status under Pol Pot.

Roughly the same proportions between 'Hanoi Veterans' and old DK leaders prevailed after the reorganization into State Council, Council of Ministers, and National Assembly in May 1981. The only notable change was an increase in the number of professionals without revolutionary background — in Agriculture with US-educated Kong Samol, Education where Pen Navuth replaced Chan Ven who moved up to Secretary General of the State Council, Health, and the combined Information and Culture Ministry.

Since then the removal of Pen Savann and the death of Chan Si, both Vietnam veterans, and the promotion of Hun Sen to Prime Minister, have strengthened the former DK group, while one more 'new person', Nay Pena, has been given the influential Ministry of Interior.

The shift of power from those with a Vietnam background to the more purely Khmer group,

plus the rise to prominence of 'new people' with no revolutionary background is even clearer in the Party leadership.

When the People's Revolutionary Party of Kampuchea came into full public view after its 4th Congress in May 1981, eleven full Central Committee members, led by Secretary General Pen Sovann, and one alternate member, were of the old Vietnam group, while only seven, including Heng Samrin, Chea Sim, and Hun Sen were from the former DK leadership. Another member, a Thai from Koh Kong Province, was neither, having remained in Cambodia after 1954 and broken with Pol Pot before 1975.

Late in 1984 eight new persons without pre-1979 revolutionary background were taken into the Central Committee as full or alternate members, and this plus the disappearance here too of Pen Sovann and Chan Si, gave predominance to the non-Vietnamese group.

This tendency is even more evident since the 5th Party Congress in October 1985. The Central Committee was expanded to thirty-one full and fourteen alternate members including only five of the old Vietnam group, nine or ten old DK leaders, and at least twenty young professionals and intellectuals who neither went to Vietnam nor joined Pol Pot. Two of the new people are responsible Foreign Affairs officials, four are top level army officers (while one army leader dropped from the Central Committee had a Vietnam background), five are Provincial Party Secretaries or governors, while two more are the powerful new Party Secretary (Nguon Nhel) and the Revolutionary Committee President (mayor) of Phnom Penh city.

In general these new faces in the government and party are from the pre-Pol Pot urban educated middle class, who have now returned to the type of position to which they might have aspired before 1975. Even more of them are found at deputy-ministerial and provincial level, and they represent a young, truly Khmer nationalist group who must be given serious attention both by their superiors of the two veteran revolutionary factions, and by outside powers interested in solutions to the Kampuchean problem.

Yours sincerely,

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Author, Cambodia 1975-1982, South End Press, Boston, 1984; and Kampuchea, in Marxist States of the World, Frances Printer, Publishers, London, forthcoming; trips to PRK Kampuchea in 1981, 1984, and May 1986.

/9274

CSO: 4200/1270

REQUIREMENTS FOR BUILDING STRONG BASIC UNITS DISCUSSED

Hanoi TAP CHI QUAN DOI HNAN DAN in Vietnamese Mar 86 pp 1-8

[Editorial;; "Building Strong Basic Units"]

[Text] Building basic units is a permanent basic task in building the people's army and building the people's armed forces. Under the general heading of building the people's armed forces, building basic units requires a full understanding of the party's political and military line and a consideration of the requirements of the task and the actual conditions of these units. At present, building basic units revolves around the need to ensure fulfillment of the army's task of winning the war of encroachment on the border and the war of destruction. The basic unit must fight victoriously and be in a state of high combat readiness growing ever stronger and ready to defeat every enemy move to escalate the aggressive war. At the same time they must fulfill the production and economy-building task, and contribute to nation building and the fulfillment of the international task.

The heavy tasks of our army today are raising many new issues on both the concept and measures for building basic units. Learning only from common "lessons" and applying without changing the experiences learned during the war of liberation, or rigidly applying the same measures to basic units of various arms and services in all terrains cannot achieve any realistic results for those units which differ greatly. This also seriously requires an understanding of the realistic view and the view on development, if we are to succeed in building strong basic units capable of responding to all the requirements of their tasks.

In the political and ideological aspect, first of all teach the cadres and combatants of basic units about the present enemy of our country's revolution, the strategic fighting object of our army and people. We must give substance to the revolution's two strategic tasks making them the task of every unit, which on each defense line and terrain is shouldering the tasks of fighting, preparing for combat, training its troops, building the economy, and so on. These tasks are given substance on a yearly and monthly basis so as to suit the changing situation. In basic education and propaganda about news events and policies, the

contents of materials must be suitable for every audience be they cadres of regiment, brigade, battalion or company level; be they veterans or recruits. We cannot for our own "convenience" in leadership and organizational matters assemble audiences of very different backgrounds in the same basic program, nor can we use the same basic program year after year while the actual situation on battlefields and in society is changing at a fast pace and the thinking and organization of troops in basic units are continually changing.

On the battlefield, every change on the part of the enemy must be reported in time to all echelons in basic units. The latter must keep abreast of any changes on the enemy side in order to deal actively with the situation and report it to their superior echelons. Whether in fierce combat or when it becomes temporarily calm, everybody must always be taught to remain vigilant and ready for combat and to fight victoriously without any relaxing.

In the rear, in urban or rural, highland or delta areas, the struggle between us and the enemy, between the two roads, and between the positive and the negative always affects, directly or indirectly, our cadres and combatants, but first of all the basic units. The leadership and command echelons that directly work with basic units must be sensitive to the social environment in each area and suggest effective educational subjects aimed at ceaselessly consolidating the revolutionary stand, maintaining the will to fight, and thwarting the enemy's psychological-warfare arguments and war-of-destruction schemes. Teaching basic level cadres and combatants patriotism, love for socialism, and heroic traditions and to improve their revolutionary qualities is very basic, but we must also link it closely with the characteristics of the situation and their mission at different times and in different localities.

Building basic-level party organizations and youth union chapters must conform with the CPV and Youth Union statutes and be based on the characteristics, requirements, and tasks of the basic units, be they combat units, maintenance units, or units having large quantities of materials and technical resources to manage. Moreover, each and every one of these units must operate in different combat and construction circumstances and social environment.

Every party or youth union member in a basic unit, on his own responsibility, must give substance to his exemplary vanguard role and his activist assault responsibility by setting struggle goals. By fulfilling these goals his qualifications as a party member or youth union member will be seen. Every strong and wholesome basic-level party organization must lead its units toward scoring good and higher marks in fulfilling their tasks, further developing the revolutionary nature and fine traditions of the people's army, and taking the lead in fighting against and striving to prevent and overcome all negative aspects.

Progressive youth union chapters must truly become a school to teach the youths communism and effect the educating and forming of the new socialist man.

The emulation movement at the basic level must be substantive and realistic, aimed at brilliantly fulfilling the tasks of basic units, and must be perpetuated in a lasting and orderly manner. To build at any cost a number of exemplary units is necessary, but the important thing is to widely multiply the good models. And only when basic units, basic-level party organizations, and youth union chapters progress uniformly can we obviously raise the fighting power of the army as a whole. In a modern, regular army, particularly in combined arms and services combat operation, the uniform progress of various basic units in the arms, branches and services becomes an even more urgent requirement.

Forging discipline in basic units is a matter that currently must draw the special attention of all echelons. In this matter, there still exist differing opinions about evaluation of the object under consideration, as well as problem solving concepts and methods. We must affirm that the present and future generations of youth are more progressive in many ways compared to the previous generations. But every group of youths lives in a different revolutionary state or period, has different needs, and needs to be educated and trained with different materials and measures. Even for the youths who have joined the army at the same time but have been living and working in different basic units, the materials and measures to be used to educate them cannot be completely the same. Selection of youths as army recruits must be in accordance with the criteria that have been adopted rather than on quantities alone, must be free of collusion, and must comply with fair and rational policies. Education in localities that prepares the youths for joining the army and education in basic army units that creates favorable conditions for the youths to have the qualities and talent to fulfill their tasks must be both well done and closely coordinated. National defense education in general schools; education of youths in organs, enterprises, and cooperatives; and education of youths in the army must be combined in a unified and continuous system and supplement one another in both contents and methods. They must conform with the revolutionary spirit and nature of the task of renewing the youth-proselyting method, without sounding politically dull and uninteresting. At the same time they must avoid the tendency to be lax or pursue backward predilections. In managing troop discipline we must thoroughly understand the principle of democratic centralism and combining self-understanding and self-respect in youths, and concern about their spiritual and material living conditions and their other interests while extolling military discipline. Do not set the atmosphere of joy and wholesomeness against the seriousness of management in the regular army. In the management of discipline, excessive freedom and extreme democracy is wrong, but it is also wrong to be bureaucratic and militaristic and to violate the personalities of cadres and combatants, for both will bring about adverse consequences.

In matters military, the greatest and most important aspect of building basic units is combat training. We must train our troops on the basis of the actual combat objective and battlefield task of every basic unit, every armed service, and every branch of service and arm. On the northern battlefield, the enemy are waging a war of encroachment at our country's border. The combat training aimed at the basic units on this battlefield must first of all render them capable of thwarting the enemy's land-seizing attacks and stratagems in the war of encroachment and be prepared to defeat them in the aggressive war at any level. To make combat training highly effective, study the enemy closely, devine their combat tricks, and study effective ways to fight the enemy. At the same time, try to resolve in a synchronized manner all matters--military and political, ideological and organizational, provide equipment, insure material and technical support, and organization of command and management. Properly resolve also the matters of combining training with combat and combat readiness for units on different fronts and in different areas and positions. Pay attention to properly resolving the training of new combatants to reinforce the front-line units, which everyday must face the enemy.

Basic units are where all work ranging from training to patrolling, building combat positions, increasing production, etc. is done. While the living conditions remain difficult, basic units can thus be easily drawn into doing logistical and service work, which then reduces their military training program and time, with the percentage of troops undergoing training being not very high, hence a decrease of the quality of training. Therefore, there must be a very strict and scientific plan that ensures time for training.

For the units on the front line that must do the fighting and remain ready for combat which involves permanent tension, training is rather difficult, mostly in terms of providing time and the number of troops participating. However, there are many advantages in connection with the front line training of troops, testing fighting methods, and checking the results of military training. There is no environment better than the battlefield for hardening the determination of our troops and training them in combat capabilities. Motivate all units to enthusiastically serve on the front line and have plans for rotation of troops for combat duties. Train cadres and combatants in acquiring knowledge from combat and gaining the necessary experience to further improve and perfect highly effective fighting methods.

The experiences of the front-line units must be reviewed very quickly and used to train troops in the rear and to supplement training programs of military schools for the training of basic-level officers. In combat, basic units are where extremely quick ideological and organizational changes take place. There the enemy is seen everyday. There important factors emerge for the first time by which military organs and schools can review their activities in connection with research work in the military science, both the military art and the military science-

technology. We may say that basic combat units are where the military realities are reflected in the most concentrated manner. Start from the basic combat units in doing general reviews and attach importance to the opinions of all individuals, particularly the cadres and combatants who have directly fought the enemy. This way reviews can become relatively objective and less subjective and bring about realistic meaning for the training of troops at the basic level.

Faced with new combat objectives and the enemy's extremely shrewd plots and tricks, our army is raising many military matters at the basic level for us to resolve. Resolve the matters of staff, organization, and equipment of different basic units by first studying the enemy, studying our own fighting methods, and at the same time considering the actual tasks and terrain in different areas. We should not be mechanistic in what we understand regular organization and equipment to be.

The basic units that operate on the northern border and in Cambodia must also be good at doing proselyting work among ethnic minorities and people of the friendly country, know how to build political bases and to lead the local armed forces, and along with localities build combat hamlets and villages.

Because our army's most important task is to fight to defend the fatherland basic units, wherever they may be, including these doing economic work, must fulfill the combat training task in accordance with the assigned program and time. All basic units in the rear must always teach their cadres and combatants to look to the front and to be on ready to aid the front and to go there to join the fighting. On that basis motivation for and organization of training will obtain good results. Do not have only a passion for economic work while neglecting the training of troops. Do not take just a few cadres and combatants to undergo some token training and later send them to exercise and make reports on them to superior echelons while failing to train the rest of your units. Do not conduct training that does not comply with the program and time set and brings about poor results.

In order to fulfill the economy-building task, a very important task of our army, the units that are specialized in economic work must care about building basic units in accordance with the productive labor-organizing requirements. Educate people on a regular basis about the tasks of defending the fatherland and building the country; heighten the concept of fulfilling both the military and labor obligations, and be aware of and prevent any deviationist ideas, such as the tendency to remain in one's economic unit and to refuse to join a combat unit, or the opposite tendency, with the wrong idea that doing economic work is not a proud task. Because the army units in charge of economic construction still must remain ready for combat and, if necessary, be quickly turned into combat units, they must have appropriate staff and basic-level organization and readily make adjustments and changes when the situation and their task change. The command and management system must combine the requirements

of both economic and military laws. Importance must be given to doing business on the basis of economic accounting and socialist enterprises, with appropriate rewards for good productivity, quality, and results. At the same time they must maintain the spirit of serving unconditionally, strictly adhering to the army's regulations and rules, and further developing the strength of a military organization doing economic work.

Raising productivity which lowering production costs in economic work is mainly accomplished by technical measures and organization of management. In army units, increase the intensity and time of work when necessary, but as a spiritual concern, urge cadres and combatants to do their best to learn in order to improve their professional skills, improve management, and be aware of and overcome the tendency to do things on a large scale without serious thinking, in the style of "who cares about soldiers' work anyway."

The main question about logistical and technical matters raised in basic units is mastery of weapons and equipment and properly organizing the living conditions of cadres and combatants.

Mastery of weapons and equipment in the modern army resides primarily in basic units, for they directly manage, store, and use weapons and equipment to fight and to do productive work. Teach cadres and combatants respect for weapons, equipment, and army and state properties, which they must consider as precious as their own, and even more precious than their families' properties.

To teach the concept of cherishing and protecting weapons also means to teach the spirit of proletarian internationalism and appreciation of the wholehearted and effective aid of the Soviet Union and other fraternal countries to our people and armed forces. Weapons and equipment captured from the enemy are our precious properties, and because they are paid for with out blood, they cannot be carelessly used and left without protection and proper storage.

To master weapons and equipment also requires the necessary scientific and technical knowledge. Get to know the natural environmental conditions in our country and in different regions, for they affect the effective and long use of weapons and equipment in combat and production. The final purpose of mastering weapons and equipment is to use them skillfully to kill enemy troops and to produce more material wealth for society. Therefore, mobilize and train cadres and combatants in learning the capabilities and effects of all weapons and equipment we now have and will have later. Make sure everybody learns and skillfully uses many types of weapons and equipment and is capable of doing many things as part of a collective using heavy weapons or a set of equipment. In both combat and production, save ammunition, materials, and fuel. Display the spirit of "Love your vehicle as you do your son; cherish gasoline as you do blood" and "Every bullet destroys an enemy target."

In the present socioeconomic situation in our country, because many kinds of materials and replacement parts are scarce, and as the enemy is waging a multifaceted war of destruction against our country, managing the material and technical base in basic army units becomes extremely important. Education and management within these units must be combined with participation in socialist transformation and economic and social management in localities, which, in turn, join with army units in building security belts and secure areas around their camps. Deal firmly with misuse of army properties, intentional or unintentional destruction of equipment, and stealing of materials and spare parts to give them to speculators.

Proper care for and organization of living conditions for cadres and combatants is an urgent matter in all basic units. In addition to working with localities to ensure supplying the right quantities of grain and foods as scheduled and delivering them to basic units in the right quantities and quality and at the right location and time, the basic units themselves must actively organize boosting production, raising income, and at the same time providing good daily meals. Boosting production must go hand in hand with practicing thrift and distributing fairly and rationally. Attention must be paid first to the units that are on battlefields, particularly the ones in the key locations in the combat zone, and thus are to bear continued pressure in terms of resolving such matters as foods, clothing, housing, transportation, medical treatment, and first aid. What deserves concern is the fact that the grain and foods intended for combatants, already in short supply, are not carefully stored. This adversely affects their quality and reduces the quantity. By the time they are delivered what is left and consumable is less than prescribed according to the norm or in documents. In addition to supplying grain and foods, make the greatest effort to ensure that basic units have enough cooking utensils and the minimum amenities.

Forming basic-level cadres is always a matter of utmost importance and of decisive significance for building basic units. From the requirements of building basic units springs the need to build a cadre for the basic level. Pay attention to cadres of all levels, from squad and platoon cadres to battalion, regiment, brigade, and equivalent-rank cadres. However, the levels that deserve attention first are the company, platoon, and squad cadres, who are directly in charge of educating, commanding, and managing combatants. On-the-job advanced training for basic-level cadres is extremely important, for it is both a current urgent job and a regular and long-term one.

Company, platoon, and squad cadres, in most cases being youths of the same age group as combatants, are in a position to understand the thinking of the latter and, in an increasing number of cases, have basic leadership training and good cultural, political, and military knowledge, but they still have little experience in command and management. Their

confusion arises from how to combine self-motivation with coerced action, which is reflected in two tendencies--being bureaucratic and militaristic or being extremely democratic. This problem is resolved, not only by theoretical study but also through the practical review of every person's actual experience and sometimes by the passage of time.

A very new aspect in building basic units in general and the ranks of basic-level cadres in particular is the fact that the regiment and brigade levels, consisting of commanding cadres and regiment and brigade organs, are grouped into a basic level unit. The result is that the regiment and brigade level cadre, must undergo elementary and advanced training in all aspects working like basic level cadre. Cadres of regiment and brigade levels are required to directly deal with the work of the company level, which means that not everything goes through the battalion level. This permits quick resolution of problems in companies and allows a tight control over detachments.

To train basic-level cadres for the purpose of satisfying the present requirement for building basic units is first of all the responsibility of the army officers' schools. Today our army has a project for training regular officers; the network of army schools has been set up in a relatively perfect manner. The training of officers in these schools requires a very close relationship with basic units, particularly with companies. Schools must keep pace with battlefield developments and with the fighting that is taking place in different areas in order to train officers of improved quality for the basic level units. Military management, mostly military management in companies, today has really become an important specialized scientific subject that needs to be carefully studied and closely associated with the management realities in basic units in different environments. The localities that show good management, the units that do not manage things well yet, the serious cases and matters that take place, and the regrettable consequences caused by both slackening and militaristic action must all be reviewed, and lessons must be drawn from them to be disseminated and included in the teaching and training programs for cadres in school, as well as for cadres receiving additional on-the-job-training.

The matters that have been raised above, including building the ranks of cadres at the basic level, are the job of not only basic units themselves and also of all higher levels, from divisions up to organs and general departments of the Ministry of National Defense, research organs, organs in charge of organizing and supervising work, institutes, and schools. All of these levels have the responsibility to study and resolve all problems concerning basic units. They formulate all the policies and plans to be carried out by basic units. As a result, do not complain that basic units are weak and basic-level cadres are poor, but instead look first into what your own level and your own organ has done for the basic level. All levels, organs, institutes, and schools must regularly go to the basic level to study, recommend positions and policies, suggest matters that need leadership, and to help the basic level to properly fulfill all of their tasks.

1ST PRECINCT'S SHORTCOMINGS FURTHER EXPLAINED IN INTERVIEWS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 25 Apr 86 pp 1, 4

[Interview of Secretary Nguyen Van Hanh and Deputy Secretary Do Ngoc Trinh of 1st Precinct CPV Committee by Thanh Thuy-Hai Nam: "Vaguely Mentioned Shortcomings of 1st Precinct Now Partially Clarified"]

[Text] Editor's note: "The shortcomings mentioned in the article, '1st Precinct Gets Prepared for Criticisms and Self-Criticisms,' by Nguyen Van Hanh, secretary, 1st Precinct CPV Committee, published in SAIGON GIAI PHONG have been explained too vaguely!" That was the opinion expressed by many readers. In order to respond to their concern, we have met Nguyen Van Hanh, member of the Municipal CPV Committee and secretary of the Precinct CPV Committee, and Do Ngoc Trinh, deputy secretary of the Precinct CPV Committee. The opinion our readers had expressed was also the first question we asked in our interview with the leaders of the 1st Precinct.

NGUYEN VAN HANH: That is true. Anyway, those were initial ideas, and the thinking was far from very profound and total. The Standing Committee of the Precinct CPV Committee has not yet discussed them in a collective manner in order to have a high degree of unanimity about the actual matters. After we get guidelines from the Municipal CPV Committee about self-criticisms and criticisms, we will think it over more. We will meet the key cadres of the precinct and 20 subwards, the retired cadres, and youth union members. The ideas they will contribute will serve as a basis for the precinct's committee to criticize itself more profoundly and actively. I can say that for the entire duration of the last term, we failed to emphasize self-criticisms and criticisms, particularly from the bottom up. The same things happened in the activities of the Standing Committee of the Precinct CPV Committee and came from the tendencies to treat one another with indulgence, to be satisfied with achievements, and to go after achievements.

REPORTER: In the above-mentioned article you said that the shortcomings in the transforming task were among the greatest shortcomings which the Precinct CPV Committee and 1st Precinct People's Committee had to review. But in its report on the 1985 final review of the emulation movement, the 1st Precinct People's Committee pointed to "outstanding" achievements in the transformation of commerce, such as control of 80 percent of wholesale and 70 percent of retail sales, transformation of 8,500 A, B, and C households, and so on. What

is your opinion on this? Can we say the 1st Precinct has basically completed the transformation of commerce?

NVH: In the years of 1982-1983, we neglected the transforming task and thus let a troublesome situation exist on the market and worsened the effects of class division. After the resolutions on this matter were issued by the Political Bureau, we have carried out the transformation of commerce, beginning late in 1984 and for the entire year of 1985. I need to assert that the current forms of commercial transformation are correct and that we have obtained definite results in controlling wholesale and expanding retail. But these results are not enough to conclude that the 1st Precinct has basically completed the transformation of commerce. The recent steps have been only some rearrangement and reorganization. There still are so many shortcomings and negative aspects in this task. Some shareholders are still interested in doing business "outside" more than "inside," take advantage of the cooperative-type business to make illegal business deals, make excessive unlawful profits, and so on. We have dealt with many cases, but the negative aspects still remain common.

R: According to public opinion, the cooperative-business installations have contributed to driving prices up because they have to "support" quite a few civil servants in these state stores. In addition, there are such negative aspects as shareholders bribing, "totally supporting" some business deals, and so on. What do you think about this opinion?

NVH: That's true. We have checked, discovered, reviewed, and handled many cases, but certainly the negative aspects that you are mentioning still exist.

R: On the basis of this reality, we would like to raise the question of simultaneously conducting three revolutions in doing the transforming task, which Mai Chi Tho has emphasized in a recent meeting with newsmen. How has the 1st Precinct CPV Committee done this?

NVH: Through such measures as control, inspection, and education of cadres, workers, and civil servants, as well as shareholders in cooperative-business stores. Many people have been subjected to disciplinary action ranging from warning and temporary leave of absence to firing. But these measures have not yet attained good results. As to shareholders, they continue to bribe those who are in charge of the transforming task, not only buying breakfasts and lunches but also bribing them with money and gold. As to the idea expressed by Mai Chi Tho, we can make it clear that the 1st Precinct has only started the transformation of the production relationships and that as to the education of people, i.e., to carry out the cultural and ideological revolution, it requires a great deal of effort, for the dishonest way of doing business still prevails among private business people, even though they may have accepted the transformation. This is the responsibility of the Standing Committee of the Precinct CPV Committee, in other words, the responsibility of the vice chairman in charge of distribution and circulation and of corporation directors. Even these corporation directors usually go after profits and forget about educating people. We in the Standing Committee of the Precinct CPV Committee are assuming direct leadership over this task.

R: Please let us know in what units has the competing in buying and selling happened. With whom do they compete in buying and selling?

DO NGOC TRINH: It happens among foreign trade and domestic trade corporations and in our precinct as well as in other localities. The Export Goods Supply Corporation is in a better position and is not bound by the price frame set by the Commercial Service; the domestic trade corporations, which can purchase farm products for export, do not want to deliver them to the branch in the precinct of the above corporation because the deals must go through IMEXCO, there are more additional charges, the goods to be exchanged usually are delivered late, hence the rotation of capital becoming longer. They want to deliver goods directly to the foreign trade sector of the central administration for exporting purposes, and this way the goods to be exchanged get delivered more quickly. This competing in buying and selling creates difficulties for the management of prices and give rises to many negative aspects.

R: The report of the Precinct People's Committee on the emulation movement points out that in 1985 over 50 percent of what the export sector in the precinct imported consisted of raw materials and spare parts for production and communications-transportation. What did the nearly 50 percent that remained consist of? Did they import such high-level consumer goods as color television sets and "cup" vehicles? If they did, how did they distribute those goods? Did they distribute them internally, as a number of other precincts and districts did?

DNT: High-level consumer goods were imported in rather large quantities and were also distributed to cadres in the precinct and used for exchanges with other provinces. We can point out that this is a shortcoming. We have repeatedly criticized the committee and export sector. Internal distribution has also created internal doubts and adverse mass opinion. Even the nearly 60 percent of imported goods being described as raw materials and materials actually were not supplied to production installations in the precinct, but they "went" everywhere, wherever it was "profitable" for them to go to.

R: How did the Standing Committee of the Precinct CPV Committee put an end to this situation?

NVH: We did repeatedly remind them and review the situation, but it was useless. We did not mention "importing" even Saigon cigarettes and canned beer, and what would they serve? If we asked, the supply-for-export sector would say that was for paying back loans. Or that Peugeot 505 was said to be also a loan payment, and actually it was a form of import. We did not accept the use of this automobile by cadres and put it into the commodity fund. We must also say that the 1st Precinct has never imported any equipment for production, in spite of the fact that the party committee resolutions suggested it several times. As to importing materials, they were only cement, roofing materials, and 5-millimeter glass panels for use in construction, but in the case of these glass panels, the need for them in construction was not very great. We have heard that in some localities they earned a lot of gold just by serving as intermediaries in glass panel deals. Then we also have gas and oil, or chemicals, which do not serve the precinct's production, that were

included in the nearly 50 percent that you mentioned. For example, the recent import of bleaching agent, which was sold to Tien Giang Province, not once but 3-4 times, finally was listed as materials but it certainly did not serve production in the precinct.

R: Did the Precinct CPV Committee assume leadership over this?

DNT: It did assume leadership over the overall effort to import maximum quantities of materials for production, but its leadership was far from very effective. We must frankly say that the Precinct CPV Committee was relaxing the control of importing "cup" vehicles and letting the People's Committee and Export Goods Supply Corporation distribute them to whomever they liked--civil servants, cadres, people that they liked, and people who had good connections--and thus arousing a great deal of adverse opinion. Prices of distributed goods were set as a matter of personal convenience and irrationally, for they were only one-half or one-third of market prices, depending on the buyers involved, and thus caused great losses for the budget.

R: On the basis of the above-mentioned happenings, is it true that the Standing Committee has failed to act firmly and has treated people with indulgence, which has led to the situation in which the party committee echelons could not lead the People's Committee toward implementing all the resolutions concerned?

NVH: Internal struggle is a matter of necessity; however, we must say that the shortcoming of the Precinct CPV Committee has been to neglect controlling the implementation of these resolutions and to fail to assume very strict leadership over the handling of their violations. The fact that implementation of the People's Committee resolutions has been slow was due to bureaucratic and authoritarian behavior: It did happen that a production plan submitted by a production installation was left untouched for 1, 3, or sometimes 6 months and then became too late by the time it was considered. Often prices in economic contracts had become unrealistic by the time these contracts were considered. In this phase of self-criticisms and criticisms, the Precinct CPV Committee has instructed the People's Committee to check beforehand with the key cadres of the precinct and 20 subwards and with the People's Council of the precinct. There certainly will be many critical ideas being contributed for the People's Committee to make corrections about. On the part of the party committee echelons, they must also look into the bureaucratic practices that have led to many mistakes and failures, as well as an insensitivity to the matters the masses are concerned about.

R: In your opinion, what are the parts of the 1st Precinct's party and administration machinery that remain cumbersome and ineffective?

NVH: We must say right away that the machinery of the Organizing Committee of the Precinct CPV Committee is also cumbersome and ineffective. First of all, the consideration of pay raises and promotions for cadres has been very slow, with many cases being left untouched for 5-7 years. Party development is also very bureaucratic. As party bases submitted their files, the Organizing Committee should have worked closely with them to clarify and correct any doubts, but they actually declined to do the job. The Control Committee of

the Precinct CPV Committee has so far done control work only in disciplinary cases, but it still has to do a good control job about carrying out decisions. This is partially due to the abilities of control cadres being still weak and also due to the mechanism. The Control Committee has failed to stick to the leadership of the Standing Committee of the Precinct CPV Committee, and the Standing Committee has shown a lack of sensitivity as it selected control cadres on the basis of quality rather than abilities. We must say right away that mass organizations, particularly the Communist Youth Union, are also ineffective as they have been incapable of pushing forward the masses' revolutionary movement, nor have they developed the ownership right in the struggle against the negative aspects. A number of cadres in high-power positions who have committed wrongdoings or have become decadent are still to be dealt with in a fair and just manner.

R: Let us cite the case of the secretary, chairman, and public security chief of Subward 14 of the 1st Precinct who protected a party committee member and director of the collective cooperative in Subward 14 in spite of his illegal business. These three people were not disciplined and instead have been transferred to the precinct. This fact has caused resentment among the people of Subward 14. What do you think about it?

NVH: We will look into this case again.

R: Please emphasize again which organs in the precinct are the most authoritarian and sluggish.

NVH: The people's committees, from the precinct to the subwards, in terms of being the worst cases of bureaucratic centralism. As they deal with the people's petitions and complaints, one section usually shoves the work to another section; one person usually dumps the work onto another person. Even the consideration of production plans and economic contracts, as I said earlier, is also very bureaucratic. The public security, commercial, and housing and real estates sectors are also very bureaucratic and authoritarian. About the housing and real estates sector, we can frankly say that bribery is very serious and leads to an unfair distribution of housing. The number of cadres, combatants, and public security officers in the precinct having committed violations in 1985 was twice as large as that in 1984. Between 1981 and 1985, the Precinct CPV Committee took disciplinary action against 397 party members and expelled 149 persons from the party and erased their names from the lists of party members. However, I find that the control and inspection of wrongdoings and violations committed by cadres and party members still remain weak.

R: On the basis of your observations, we would like to ask you how does the Precinct CPV Committee evaluate the qualities of the cadres and party members in the precinct today.

NVH: We naturally have not underestimated the maturity and good aspects of many cadres and party members in the last 10 years. But we must say frankly and truthfully that the negative situation still is quite common and serious. In my opinion, there are three categories of poor cadres and party members: One is the kind of people whose qualities have declined and who have become

decadent; two is the kind of people who are bureaucratic, authoritarian, and isolated from the masses; and three is the poor kind, perhaps because of poor abilities, perhaps because of a decline of revolutionary enthusiasm, a decline of the sense of responsibility and the class sentiment toward the people. In this phase of self-criticisms and criticisms, we must review and reevaluate the qualities of party members, strengthen their education, heighten their fighting power, and at the same time sternly handle the cases of party members having committed mistakes and violations, having become decadent, having lost their qualities, and no longer being qualified party members.

R: We would like to raise the question of taking care of the standard of living of the people as it is undertaken by the 1st Precinct CPV Committee. It is worthwhile to mention that the 1985 emulation report of the Precinct People's Committee is very long but does not say anything about taking care of the standard of living. What is your observation in this regard?

NVH: About taking care of the standard of living, our precinct has made many efforts, but actually they have been inappropriate. Again that was an evidence of bureaucratic practices and isolation from the masses. The Precinct CPV Committee failed to work closely with families of poor laborers, nor did it thoroughly understand the people's difficulties and hardships. Recently we had the rice supply problem in Subward 15: In spite of instructions from the Council of Ministers and directives from the Precinct CPV Committee, to resolve this problem was very slow. In the past, the precinct had been selling rice to 400 poor people at the rate of 9 kilograms per person and at the price of .40 dong a kilogram, but as rice prices went up, it has discontinued these sales and switched to giving allowances of 20-30 dong, which would be not enough to buy rice. The Precinct People's Committee has so far failed to resolve this problem.

R: As its outward look shows, the 1st Precinct has many large and spacious houses, but there also are quite a few slums and dilapidated houses. We know that in Subward 15 thousands of people still live in slum areas. How do you evaluate the efforts to take care of the people's housing?

NVH: At present, the 1st Precinct still has 4,000 dilapidated houses on canals and ditches which have not yet been torn down. Subward 15 itself has 541 households totaling 2,655 people who live under very poor conditions in Ma Lang area, with 240 of these households being 1st Precinct residents having just returned from new economic zones, 171 households coming from other precincts, and the rest coming from other provinces. We must say that the failure to take care of the people here has been due to our own shortcoming, but to be truthful we must say that the 1st Precinct cannot do the job by itself without the support of other precincts and the municipality. We must have about 50 million dong to remove the slum areas, and the budget of our precinct is limited. We suggest that the responsible organs in the municipality jointly take care of this matter. In addition, we must also give them jobs, open vocational schools, and organize "love" classes for young children. The Precinct CPV Committee is also assuming centralized leadership over taking care of children in day nurseries and kindergartens, taking care of hundreds of households having not enough rice to eat, and so on. The precinct will encourage consumer cooperatives and production installations to

sponsor day nurseries and kindergartens. As to taking care of the people's cultural and spiritual life, we have not yet done a good and active job either. In the meantime, we find that there still is excessive waste in our organs. In the 1st Precinct itself, the Food Commodity Corporation, Services Corporation, and so on, for instance, still show a lot of waste because they have bought newly-manufactured equipment from foreign countries. Or about maintaining economic-integration relationships with other localities, we find that before we obtain any economic results, a lot of the people's money has to be spent for mutual visits and feasting. We must put an end to all forms of waste in order to concentrate on taking care of the standard of living.

R: We thank you both for granting us this interview.

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CSO: 4209/662

STRICT REVIEW OF PARTY MEMBER QUALITY URGED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 20, 21 May 86

[Article by Phan Minh Tanh: "Strictly Review the Quality of Party Members"]

[20 May 86 p 2]

[Excerpts] 1. Numbers and Structure

After 11 years of leading the city's transformation and construction, we have taken an outstanding step in development and maturization with regard to numbers and have increased 15-fold in comparison to the period just after the liberation. In mid-1975 we had only a few more than 4,000 party members in more than 200 party chapters. The ratio of party members to the population was extremely low. In view of the myriad difficulties in the period just after the liberation, it was necessary to cope with countless difficult, complicated tasks but the party's leadership capability was too thin. The party organizations and party committee echelons promptly realized that urgent problem, so they made many notable efforts with organization by positively accepting cadre reinforcements from the central echelon and the army, received thousands of comrades who were liberated from prison, and especially paid attention to developing new party members and endeavored to greatly increase their numbers within a few years, accompanied by changing the party member structure, in order to gradually bolster the leadership role of the party in all spheres of work in the city.

With regard to party development, within a period of more than 10 years, as of the end of April 1986, the party organization has admitted 26,710 additional party members (since the Third Congress of the municipal party organization, more than 14,500 comrades have been added), which increased the total number of party members to more than 62,000, with a total of 2,085 basic organizations.

The industrial worker component in the party organization increased from practically nothing (only 0.03 percent) to 23 percent of all party members. The ratio of female party members, which was at first very low, has increased to more than 25 percent. Party members 40 years of age or younger account for

about half of the total. Their educational level, scientific-technical knowledge, and knowledge of economic and social management have clearly improved.

The number of party members has increased greatly, but a major problem which requires our special concern is that their distribution is not yet rational. In carefully surveying the party member structure, there stands out the serious situation of the excessively small number of party members who have deep roots in the masses. That is an important weakness of the quality of party members, and is one of the reasons why the party is bureaucratic and aloof from the masses. The party's leadership viewpoint is not to allow any aspect to lack party members. However, in fact we see that in the areas inside and outside the city, in the political, economic, cultural, and other organizations at all levels, the party member forces are still thin, and many basic units have no or very few party members.

That weakness is clearly manifested in the sphere of agriculture outside the city. In each district, with a population of about 200,000, there are only a few thousand party members. For example, Binh Chanh District, with 20 villages and 180,000 people, has a total of 1,082 party members but only 578 comrades are active in the villages. Of those party members, 61 percent are retired, disabled, or old. Of the 243 party members (42 percent) who are assigned tasks, most work in the village sections and sectors. Very few party members participate directly in production and activities in the hamlets, production teams, mass organizations, marketing and credit cooperatives, etc. Only six of 20 secretaries of village Youth Union chapters, and eight heads of women's association chapters, are party members. The party chapter of Binh Chanh village has 17 party members to lead 10,000 people, but 11 of those comrades also hold other jobs and seven party members are retired cadres. The Youth Union chapter has 170 members but its secretary is not a party member. It may be said that too few party members have roots in the peasant masses. Therefore, the role and effect of the party's leadership in the rural areas are very limited.

Much progress has been made with regard to the party member structure in the precincts and subprecincts in comparison to past years because the precinct party members have emphasized the development of new party members among youths and local people (in Tan Binh District, Precinct 3, etc., since the last precinct party organization congress each precinct has admitted nearly 600 party members). But at the level of the subprecincts and the precinct organs, sections, and sectors the distribution of party members is still a matter with which we must be concerned. In general, in the precincts ordinarily half of the party members work in the organs, sections, and sectors at the precinct level and about half operate in the precinct, but most of them are retired cadres and the remaining few are cadres with other jobs. The large numbers of party members who are retired cadres constitute a very valuable force. Most of them have retained their pure revolutionary qualities and set many good examples for the people. A number of them who are still relatively healthy work directly in the subprecincts. As for the majority, since they are advanced in years and are in poor health they cannot be very active. Of the 94 party members in Subprecinct 7, Go Vap Precinct, 74 are retired cadres, 11 party members are public security policemen, and 5

work in subprecinct organs. In Subprecinct 25, Precinct 10, there are 60 neighborhood teams. The party organization has 146 party members, but only a few comrades serve as neighborhood team leaders or deputy leaders. There are 21 cadres with other jobs and the rest (125) are retired cadres.

Precinct 8 has a population of 216,000. It has a total of 1,070 party members, 230 of whom are retired cadres, 150 of whom are members of the subprecinct public security forces, and nearly 80 of whom are committee members and subprecinct unit members. Twenty of the 22 subprecinct Youth Union chapter secretaries are not party members. For 10 consecutive years Subprecinct 21 failed to develop many new party members.

In the sphere of small industry-handicrafts production, and in the precinct and district public health and education sectors, the party member forces are very thin. Many units have no party members. There still exists the situation of one party chapter having to lead four or five bureaus and sections. The leadership ratio in the education sector is very low: in one district only 0.41 percent of the 1,035 teachers are party members. In the Precinct 10 public health sector all 30 party members work in the precinct bureau and in area clinics, while 21 subprecinct public health stations have no party members. There are too few party members in the taxation sector.

With regard to the leadership ratio, in all industrial enterprises, although in recent years all-out efforts have been made to strengthen the party member forces by developing new party members and transferring them from other places, the leadership ratio is still low in comparison to the number of workers and civil servants, even in the industrial enterprises of the central sectors, which have always had a larger number of party members than the local industrial enterprises. On the average, the leadership ratio is 5 to 7 percent, and the lowest is 3.5 percent. For example, in the central industrial bloc, consisting of the textiles, food products, chemicals, machinery, electric power, and electronic informatics sectors, and two geology groups, with a total of 73,500 workers and civil servants, there are only 5,220 party members and the leadership ratio is 7.1 percent. Another example is the construction and communications-transportation block (railroads, communications, and posts and telecommunications), which has 52,000 workers and civil servants and 3,909 party members (5.25 percent). In that block there are 479 production teams but 71 percent have no party members. More than 55 percent of the party members work in the indirect categories.

In comparison to the goals set forth by the Third Party Congress, three-fourths of the industrial enterprises have not attained the 10 percent leadership ratio and nearly one-third have not yet attained the goal of 40 percent of the party members being engaged direct of the party members being engaged directly in production. In general, party members who are engaged directly in production account for only 30 to 35 percent. The lowest is 24 percent. Our city is one of the nation's industrial centers and is a place where industrial workers are concentrated. The Fifth Party Congress stressed that it is necessary to "pay more attention to building up the ranks of the party among the working class." At the Third Congress of the Municipal Party Organization, General Secretary Le Duan also directed us to "enable the party organization to have a strong basis among the various strata of the laboring

people, especially in the working class and among workers engaged directly in production." We understand that to increase the worker component in the party is to increase the party's class nature and vanguard nature, and to improve the quality of the corps of party members. But in actuality the worker component in our municipal party organization is still too small.

In sum, the distribution of party members and the party member structure and irrational and the leadership ratio is low. As the evidence presented above shows, the party member forces that are close to the masses are still very thin. For a long time we have often said that the stands and policies of the upper echelon usually stop at the basic party committee echelons and do not reach down to the ordinary workers, and vice versa the recommendations of the masses are not fully reported to the leadership echelons because we have too few party members with deep roots in the masses. Therefore, the party chapters have not played the role of being a "bridge" between the party and the masses.

As stated above, that is an important weaknesses in the quality of party members and is a reason for bureaucratism and aloofness from the masses. When evaluating the quality of party members, first of all we must pay special attention to that matter.

II. Strictly Evaluate the Quality of Party Members

After defeating the U.S. imperialists, our party made all-out efforts in the party building work with regard to ideology and organization, in order to increase the party's ability and combativeness. But we lacked deep and broad education about the transformation of the revolutionary phase, have not yet fully evaluated the situation, and have not fully anticipated changes in the thought of cadres, party members, and the masses in the complicated class struggle after the South was liberated.

Especially, in recent years the struggle between the socialist and capitalist paths has been extremely fierce and there have been a number of mistakes in our management, which have deeply affected many spheres of activity in the life of society, but the party organization's ideological work has not been carried out continuously and fully.

In reviewing the maturization of the municipal party organization we see that most of its members are good, have been challenged in the major mass revolutionary movements, and were steeled and made progress by means of labor, study, other work, and combat. They have set many examples in living, studying, and working in accordance with the virtue of Chairman Ho. Many comrades have been enthusiastic, dynamic, creative, loyal, and devoted in their work, despise extravagance, maintain a simple way of life, have pure private lives, and have enriched themselves with Leninist virtue and work style. The great, encouraging accomplishments in all respects and over the course of many vicissitudes by the city's people since the revolution have clearly made a decisive contribution to a rather large corps of more than 26,000 party members, who constitute a notable strength.

But at a time when tens of thousands of true party members and hundreds of

thousands of outstanding members of the masses outside the party have led, served at the hard core and, along with the city's people, struggled selflessly for the party's noble undertaking and participated positively in transforming and building the city, the ideals of some party members have faded, their will has cooled off, they have degenerated, their level of consciousness is lower than that of the masses, and they have committed many mistakes, which has weakened the prestige of the communists and weakened the effectiveness of the organization in carrying out the lines of the party. Their decline in moral quality and the deficiency in their way of life have resulted in their acting contrary to the lines and policies, neglecting their missions, take up illegal livelihoods, and even participate in exploitation, accepted bribes, colluded with dishonest merchants and bad, corrupt elements, expropriated public property, chased after money and women, enjoyed themselves with abandon, and been depraved and debauched. Those negative aspects have continued to develop due to the influence of the pragmatic life style of the neocolonial bourgeois variety left behind after the liberation of the South, especially after we expanded commercial relations with foreign countries. At the same time, the basic party organizations have relaxed their management and education of party members.

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[Text] A survey of the quality of party members in many basic units has shown that more than one-third are effective in leadership. In the face of the historical turning points and the recent great difficulties, they have maintained their revolutionary virtue, rapidly improved their work ability, been worthy of being vanguard warriors, and been respected and loved by the people. About one-third of the party members have retained their moral quality but their leadership role has been limited and they operate at an average level because they are old and weak or because they have been slow to improve their abilities. They are all good party members. The rest are of poor quality. In that category, in addition to those who have completely degenerated but who, because the party committees and organizations in such places are too weak have not been expelled from the party, there are some party members who not manifest at the minimum level the role of communists, with regard to both ideals and activities. Some of them have truly lost the will to fight and there are even some party members who are inferior to the ordinary masses. Such party members clearly are no longer worthy of bearing the title of communist party members, but have become inert and greatly impede the combativeness of many party organizations.

As just stated above, our party organization includes a number of people who, although they have completely degenerated and have committed many serious violations, have not yet been expelled from the party. Many disciplinary trials have been concluded and many incidents are now under investigation so that they can be prosecuted. A number of cases, exemplary of which are the cases at the Rang Dong Rubber Enterprise, the Port of Saigon, and the Maritime Ship Supply Corporation, the Tran Ty and Trieu Binh Thiet cases, etc., have been or are about to be brought to trial.

In addition to such negative incident and manifestations, it is possible to mention even more. Those manifestations usually occur in four phases--

production, distribution, transportation, and storage--and are usually concentrated in such economic sectors as the grain, home trade, foreign trade, materials, and transportation sectors.

The criticism and self-criticism campaign that is taking place in the basic party organizations, although only in the initial phase, allow us to clearly see that the shortcomings and deficiencies which have been the objects of self-criticism by the party chapter leadership or by individual cadres, and about which the masses have contributed opinions, usually involve the evils of bureaucratism and aloofness from the masses, an authoritative, arrogant work style, a lack of democracy, failure to be concerned with the lives of the workers, not believing in and relying on the basic masses, not being concerned with developing the party among the working class, among youths, and among intellectuals, and regarding lightly the building of mass organizations. The mistakes regarding corruption, the stealing of public property, individual profit-seeking, the abuse of authority to use state property, materials, facilities, etc., beyond the allowable levels, etc., have not been boldly brought out.

A rather widespread deficiency in the basic party organizations that has contributed to lowering the quality of party members, which have been the object of self-criticism by the party committee echelons and about which the masses have contributed opinions, is the lack of internal solidarity and unanimity and failure to foster love for comrades in the same class. Some places have even allowed prolonged division and factionalism caused by jealousy over positions, which has greatly affected the party's prestige.

In view of the negative situation in the Party, i.e. the weakness with regard to the quality of party members, there are two matters which must receive all-out attention:

First of all, on the part of the party members themselves there are large number of comrades who are unwilling to steel themselves. A number of party members have been challenged in the course of two resistance wars, have much merit in fighting the enemy and defending the nation, who have been in prison, and were unyielding in face of the troops, but who now, in the new phase of the revolution, have quickly forgotten their years and months of arduous combat, of "sleeping in bunkers and eating rice balls", with countless souvenirs of comradeship--"Your shirt is torn at the shoulder and my pants have two patches." They have been dazzled by the pleasure-seeking way of life, are complacent, and think that because they have made contributions they now have the right to "enjoy," place their individual benefit above the benefit of the party, commit one error after another, and ultimately become criminals. Some young party members who entered the party under favorable circumstances but who had improper motives for entering the party have, after consolidating their "individual positions," looked down on the masses, looked out for themselves, and committed many violations. In the precincts, districts, organs, and units, every year there are some party member candidates who are not admitted as official members for those reasons.

As for leadership by the basic party chapters and party organizations, in many places education has been regarded lightly, the management of party members

has been lax, and the activities of party chapters and cells have been uncoordinated and of poor quality. Therefore, the political level and mass proselytizing ability of some party members are very low. They do not distinguish clearly between right and wrong, so it is difficult for them to avoid committing mistakes and deficiencies. The party development work is not planned and is not based on class viewpoints: many party chapters only admit people who have "problem free" backgrounds, but who have not experienced actual production labor and have not matured in the course of mass revolutionary activity movements. Many places are still narrow in evaluating youths and are still prejudiced toward members of the masses who are outstanding but who have family political histories which the organization has not carried out in-depth investigations to determine the truth. On the other hand, some places admit party members according to sentiment and bring passive people and opportunist elements into the party. When the situation becomes difficult, such people easily become tumors in the party. Because of such leadership by the party chapters, although in some places the numbers are large the quality is not high. That situation is in part the responsibility of the party committee echelons above the basic echelon because they have not been concerned with guiding the building of basic party organizations.

III. Improving the Quality of Party Members: an Extremely Urgent Problem

We are preparing to hold party organizations at three levels in the city. We must not wait until the congresses are held to improve the quality of party members. Beginning now, in the initial phase of the process of preparing for the congresses, the matter of improving the quality of party members must be posed very urgently.

1. The criticism and self-criticism campaign which is being carried out seethingly in the party is the first step in transforming the quality of party members. Party members must tell the truth, speak frankly, and strictly review their responsibility toward the people and the party. It may be said that basic party chapters and organizations which have good self-criticism and grasp and act in accordance with the five requirements and three goals of criticism, as stated by the directive of the Standing Committee of the Municipal Party Committee and Notice 74 of the Secretariat of positive signs in transforming the quality of party members. Working in that spirit, i.e. daring to speak strongly and strongly criticize the mistakes and deficiencies in the party, will create solid premises for setting forth practical, scientifically based corrective measures.

2. It is necessary to endeavor to, within the next few years, thoroughly change the structure of the corps of party members at the basic level, including the redeployment of party members in all sectors: the party organs, the state apparatus, the internal affairs and economic sectors, etc. By means of reorganizing and streamlining the personnel structure we must resolutely withdraw an appropriate force of cadres from the administrative offices and intermediate levels in the organs at the municipal, precinct, and district levels and in the central-echelon units in the city, in order to strengthen the basic level, especially in the key areas, in places which directly produce materials wealths for society, the hot circulation-distribution fronts, etc., where, by means of the above-mentioned evaluation, we see that there are two

few party members. A matter that must receive attention is that it is necessary to select good, fully qualified party members, and not select them to "push" party members who violate discipline, decline in quality, and are deficient with regard to ability. All basic party committees must review and guide the assignment of an appropriate ratio of party members to be in charge of mass proselytizing. Each party member must be responsible to the party chapter for grasping the situation of a number of families in the hamlet or neighborhood team, and some of the masses in the place where the unit works and lives. It is essential that the mass organizations have capable party members to serve as secretaries and heads. In the case of Youth Union secretaries who are not party members, they must have conditions and prospects for being admitted into the party. In places where retired cadres are holding important positions in the standing committees of party committees, or the standing committees of village and subprecinct party committees, plans must be promptly drafted to train young cadres as replacements. Studies should be carried out to, by means of organizing "advisers" or other appropriate forms, some party members who are retired cadres who are still relatively healthy, are capable, and have actual leadership experience to serve as staff members assisting the party committees.

3. On the basis of information provided by the masses, which have been accurately assessed, in the course of the present criticism and self-criticism campaign and struggle in the party chapter activities, it is necessary to resolutely expel from the party all opportunists, people whose revolutionary will has become paralyzed, exploiters, black marketers, speculators, people who are corrupt and accept bribes, and people who bully the masses to a serious degree. Party members who have an excessively low level of consciousness and do not make progress even though they have undergone much education, should also be expelled from the party. That must be carried out resolutely but their must be close guidance by the upper echelon party committee in order to guard against mistakes. At the same time, it is necessary to do a better job of carrying out the party development, and pay attention to the worker component, youths, and women. The party organizations in the industrial enterprises must have specific monthly and quarterly plans to improve the party and class knowledge of the outstanding workers, and strongly bolster the number of party members who are engaged directly in production. It is necessary to strengthen party development among intellectuals, among key cadres who are Vietnamese of Chinese origin, among religious adherents in areas where those mass categories are concentrated. The number of intellectuals is rather large. They have been educated and forged in actual struggle during the past 10 years and participate enthusiastically in building and defending the city. During the present criticism campaign the masses in places with many intellectuals have criticized our party organization for being too narrow, conservative, and sluggish in admitting intellectuals into the party. Many progressive intellectuals who are about 30 or 40 years old have resolutely struggled for many years in the ranks of "party member candidates" and are still outside the party. The party committee echelons and organization departments at all levels must strictly review that matter. The organs, research institutes, party organizations, party chapters, hospitals, schools, etc., must have truly specific plans to cultivate candidates and admit new party members from that sector.

4. All-out attention must be paid to improving the quality of activities of party chapters and organizations and the three qualities of party activities must be ensured. The quality of party activities is manifested in the party's leadership ability with regard to society and is the yardstick measuring the party members' ability to lead the masses and the party members' attitude of modestly studying the masses. It is necessary to get party chapter activities and party organizations onto the right track and have contents, for only then can party members be educated and tightly managed, only then can there be struggle to promptly eliminate negative phenomena in the party as soon as they arise, and only then can there be a practical contribution toward improving the quality of party members.

An urgent requirement at present of the party in general and the municipal party organization is to have a corps of party members who are stable with regard to class viewpoints and standpoints, are stalwart with regard to organization and discipline, are diligent in study, want to make progress in order to improve their political levels and work ability, have communist moral qualities, and have the confidence of the masses. Every party committee echelon must review its ranks and see the strong points while at the same time strictly and correctly the weaknesses of the party members and cadres, on the basis of which to draft positive plans and measures, and concentrate on resolving the problem of improving the quality of party members. It is necessary to deal strictly with party members who violate discipline, while promoting party development in order to have sufficient numbers to lead all spheres of activity in the city.

By doing so we will restore the confidence of the masses in the party organization, and consolidate and build the close relationship between the party organization and the city's people.

We are carrying out the present self-criticism and criticism campaign at a time when the entire nation is commemorating the birthday of Chairman Ho. This is a very good opportunity for all of us to compare ourselves with the virtue and work style of Chairman Ho, with the spirit of "Revolutionary virtue is party members, no matter what the circumstances, placing the benefit of the party above all else,"(1) as Uncle Ho admonished us.

By victoriously carrying out the self-criticism and criticism campaign and truly improving the quality of party members, we will create a solid premise on which to organize the congresses, and those will be significant gifts from our municipal party organization to celebrate the Sixth Party Congress.

FOOTNOTES

1. Ho Chi Minh, "Improve Revolutionary Virtue, Eliminate Individualism" [Nang Cao Dao Duc Cach Mang, Quet Sach Chu Nghia Ca Nhan], Su That Publishing Home, 1969.

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CSO: 4209/674

HANOI PARTY COMMITTEE REVIEWS CRITICISM CAMPAIGN

Hanoi DOC LAP in Vietnamese 11 Jun 86 p 6

[Article: "Hanoi Municipal Party Committee Reviews Self-Criticism"]

[Text] In mid-May of this year the executive committee of the Vietnam Communist Party organization in the municipality of Hanoi met to review the first cycle of self-criticism and criticism.

The self-criticism review of the Municipal Party Committee observed that during the past 5 years the party organization and people of the municipality made all-out efforts to bring about a transformation in all respects. The average rate of increase of industrial production was 10 percent and during the 1983-1985 3-year period it increased by an average of 12 percent. Although the goal set by the Ninth Congress of the Municipal Party Organization (16 percent) was not attained, the decline in production during the 1979-1980 period was halted. Agriculture also underwent new development: the rice yield was 66 quintals per hectare and the corn yield was 28 quintals per hectare. In comparison to the goals set by the congress (70 quintals per hectare for rice and 25 quintals per hectare for corn), the plan norms were approximately met. The municipality has 330,000 additional square meters of housing, which surpassed by 30,000 square meters the goal set by the congress. The electricity, water, road, and bridge networks were improved and expanded.

However, many deficiencies and weaknesses in the leadership work of the party organization have been manifested in many ways. The production of consumer goods and food products has developed slowly. The potential of labor, land, equipment, and science and technology have not been developed. There has been tardiness in strengthening and renovating commerce, finance, and money, prices have been chaotic, etc. Many difficulties have been experienced in the lives of the people, especially in the lives of the workers, civil servants, and members of the armed forces. The municipality does not yet have a seething revolutionary movement, the mass organizations are not strong, democratic rights have violated, and negative phenomena in society have not declined but in some respects are still serious and widespread in the sectors and echelons, which has reduced the confidence of the masses. The corps of party members is large but not strong, and the party building and cadre work.

The municipal party organization conference made the following review:

In recent years, in view of the great, difficult, and complicated missions, many cadres and party members in the party organization have stalwartly struggled, endured hardships and, along with the people, promoted production, stabilized social life, and implemented the resolutions of the party.

However, there have appeared in the party relatively widespread negative phenomena with regard to moral quality, some of which are rather serious.

A number of cadres and party members have lacked dynamism and are conservative and backward. Some fear difficulty and "take the middle road" and tend to their personal affairs. Some party members abuse their authority to seek personal profit, are corrupt, and take bribes. Some key cadres covet positions and belong to factions, which causes a lack of internal solidarity, and bully and oppress the masses. In the Municipal Party Committee, self-criticism and criticism struggle lacks thoroughness and is indulgent. Some members of the municipal party committee are still partialistic, are concerned only with their sector or locality, and are little concerned with the common endeavor. A considerable number of members of the Municipal Party Committee have manifested a decline in their exemplary vanguard nature, are concerned with personal matters, and lack a sense of responsibility. Some have been subjected to discipline.

With regard to leadership style, the greatest deficiency of the Municipal Party Committee is bureaucratism, not remaining close to the basic level, and becoming tied up in red tape. The guidance of the standing committee of the Municipal Party Committee is still dispersed and bureaucratic, and the responsibility of the party committee echelons and sectors has not been brought into play in overseeing the implementation of party resolutions.

With regard to the implementation of the cadre policy, the Municipal Party Committee has been just in promoting and disciplining cadres, and has ensured centralization in making decisions on the cadre work. However, the greatest deficiency in the Municipal Party Committee's implementation of the cadre policy is that it has not firmly grasped the cadre situation and not promptly discovered good people in order to train and cultivate them, or people who have deficiencies in order to educate and discipline them. In general, the municipal cadre corp is old and there has been tardiness in making it younger.

The Municipal Party Committee has set forth a direction and measures for making corrections, and in the immediate future will carry out such tasks as ideologically motivating the cadres, party members, and people to promote self-criticism and criticism, obtain the open criticism of the masses, and be determined to correct deficiencies. Beginning in June 1986 the Municipal Party Committee will implement a system of regular contacts with the masses and a system of strict, truthful reporting. It will renovate its work style and more closely monitor the basic level. It will concentrate on resolving a number of immediate problems regarding production and living conditions, bring about a clear transformation in supplying grain and food products, organize fair and convenient distribution, repair decrepit houses, clean up the city and achieve traffic order, do a better job of supplying electricity and water.

The Municipal Party Committee conference decided to expand discussions and the contribution of opinions in the sectors, precincts, and districts with regard to the Municipal Party Committee's self-criticism report.

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CSO: 4209/674

MOBILE PROPAGANDA ACTIVITIES PRAISED

Hanoi NHAN DAN in Vietnamese 14 Jun 86 p 3

[Article by Dang Kim of the Ministry of Culture: "Mobile Information---a Form of Political Agitation"]

[Text] Toward the end of May 1986, in Hanoi there took place a national mobile information competition (Zone 1) in preparation for motivational propaganda to serve the party congresses at all levels and the Sixth Party Congress.

The 2 and a half days of enthusiastic, serious performances, with more than 20 programs and topics of the specialized mobile propaganda units of the provinces and municipalities from Nghe Tinh northward, brought about for the viewers goods sentiments and profound impressions. In general, everyone admitted that mobile information is truly one of the forms of political agitation that is appropriate for the broad masses at the basic level, and has good persuasive force.

Adhere to the Local Missions

If in past years many people praised the quality of the "Hoa Chau Grain of Rice" program by the information unit of the Hoa Chau 1 agricultural cooperative in Hoa Vang District (Quang Nam-Da Nang), now when viewing the the programs of the present competition they saw that the contents of the activities of the specialized mobile information units have undergone uniform development and have many fine prospects. The main contents of each program in the competition were clearly determined in order to concentrate motivational propaganda on a number of specific missions the implementation of which is being guided by local leadership.

Such programs as "Intensively Cultivate Wet Rice" by the mobile propaganda team of Muong Lay District (Lai Chau); "Grow Tobacco and Sell It to the State" by the unit of Huu Lung District (Lang Son); "Practice Intensive Cultivation and Increase Growing Seasons" by the unit of Ninh Thanh (Hai Hung); "Yellow Shrimp" by the Hau Loc unit (Thanh Hoa); "Planned Parenthood" by the Thanh Hoa unit in Vinh Phu; "Eliminate Bureaucratism and State Subsidies" by the Gia Luong unit in Ha Bac; "Fifty Years of Tradition of the Mining Region" by the Quang Ninh Province unit, etc., reflect the fact that activities of the mobile

propaganda units, especially the units at the district level, have adhered closely to the central missions of each locality. Of course, in actuality the activities at the basic level the quality and scale of the units' activities are simpler and briefer than the programs selected to participate in the competition, but they serve to provide timely propaganda and practical service, and guide people in thinking about the implementation of the stands and policies of the party and state. Especially, in propaganda to serve agricultural production, the foremost front in our nation, many mobile propaganda unit have emphasized the principal techniques and methods regarding intensive cultivation and increasing rice yields in order to prepare propaganda programs that provide accurate guidance, are easily understood, and are well-received by the people.

With their assault missions, every time something unexpected happens in the locality, such as the enemy launching an encroachment attack (in villages along the northern border), or when there are serious sabotage activities by the reactionaries, or when the localities encounter such natural disasters as drought, floods, etc., the mobile propaganda units are brought in to engage in activities intended to rapidly stabilize the situation. In recent years, in Ho Chi Minh City the mobile propaganda units of the precincts and districts have continually gone to the basic level and the cultural assemblies to carry out the information work and report on the city's major work policies, promptly expose the counter-propaganda arguments of the enemy and the bad elements, and introduce good people and good deeds in they city.

In addition to carrying out mobile propaganda, many units have carried out two-way information, such as listening to and soliciting opinions about problems and the views of the masses so that they can be relayed to leadership and prompt corrective measures can be taken. Because they play a practical role, many local leadership cadres have sent the mobile propaganda units to serve in the key places.

Using Many Appropriate Propaganda Modes

The slogans "efficient and flexible" and "responsive, prompt, and accurate" must be the bases for the activities of the propaganda units so that they can be highly effective. The areas of operation and the objects of service differ, so the activities cannot be identical. But in general, in applying the propaganda modes in the mobile propaganda units there are essentially three principal modes:

Oral propaganda (propaganda by direct speaking).

Propaganda carried out by means of visual forms.

Propaganda carried out by means of small and light inspirational cultural forms.

The units regard oral propaganda as a foremost method and use direct oral communication with the masses to relay information, popularize the stands and policies, and introduce good people and good deeds. Many units have used that mode flexibly and creatively, such as conversations to explain in depth a

content requiring propaganda, or use "information stories" to provide inspiration about a certain matter by means of a story with a topic and a plot. Among the information stories that were presented during the competition of mobile information units (Zone 1) in Hanoi, by units from Thai Binh, Thanh Hoa, Hai Hung, Quang Ninh, and other provinces, were highly evaluated.

Although oral propaganda receives attention, in actual activities the use of that mode is still a difficult problem for the mobile propaganda units because it requires propagandists who not only has general knowledge but who has talent and skill in performing. Speaking to the point and being coherent in order to clarify the main contents, to enable the listener to understand and agree, is indeed a difficult task for people doing oral propaganda work in the mobile information teams. That is not to mention the rather difficult problems regarding contents about which the masses are very concerned, such as prices, salaries, and money, the new management mechanism, etc. Many units propagandize superficially and their explanations lack depth. Many of them even evade the issues.

Propaganda by such visual forms as using small exhibits, slides, variety shows etc., is an integral part of the mobile transportation units. The small exhibits, which have appropriate contents, good displays, attractive illustrations, and interesting explanations are affect people subtly, comfortably, and with reason and sentiment.

The use of small and light to relay propaganda contents in the activities of the mobile propaganda units is being developed strongly and broadly. Quang Nam-Da Nang has flexibly used local folk songs in the units' activities in a manner that is lively and has a clear mass nature, which causes the listeners and viewers not only to be sympathetic toward the propaganda contents but also to have a good impression of the units' activities.

At present, the people who are professionals in mobile information have many different opinions, and there is concern and worry over the "formalization" of the activities of the mobile propaganda units. Time must be spent in studying and verifying in order to affirm that matter. But something we must firmly grasp in order to guide those professional activities is that the volume of information must be large, the information must be accurate, the propaganda topics and contents must be explicit and concentrated, and the viewers and listeners must be guided toward specific acts. The use of inspirational cultural performances in mobile propaganda activities must be intended to heighten the propaganda contents. In actuality, when carrying out propaganda about the military service obligation some mobile propaganda units sing insipid, weak songs which have an effect contrary to the propaganda topic the team is pursuing. Within the space of the stage the mobile propaganda activities must be highly organized, excessive wordiness must be avoided, and there should be no pretention with regard to costumes or in using musical instruments. Of course, we should not lightly regard the skill of the performers. The better the performance art (including oral and visual propaganda), the more results are attained by the units' activities.

If the artistic activities of the mobile propaganda units are carried out well they will both serve the propaganda work and meet part of the needs of the cultural life of the masses at the basic level, especially with regard to the people in distant, remote villages.

The mobile propaganda activities have become a strong political motivation force and a mass communication force which is close to the masses in the localities. The network of 413 specialized mobile propaganda units scattered out in districts all over the nation is playing a positive role. The programs performed during the recent national (Zone 1) mobile propaganda units were exemplary blossoms that were selected from actual activities. Although there are still professional weaknesses and difficulties with regard to organizational and operational conditions, we can clearly see the promising capabilities of those mobile activities.

The Mobile Information Department, the functional organ which assists the Ministry of Culture with regard to state management and professional guidance, will continue to carry out studies in order to set forth practical and effective policies and measures. The factors with directly decisive significance are still adequate concern by the local leadership echelons and the creation of the necessary conditions so that the mobile propaganda units can operate with increasing quality and effectiveness, most immediately the propaganda campaign to serve the party congresses at all levels and the Sixth Party Congress.

5616

CSO 4209/675

OVERSEAS VIETNAMESE CRITICIZE DIFFERENT EXCHANGE RATES

Paris DOAN KET in Vietnamese Jun 86 pp 12, 13

['Suggestions Mailbox' column by My An: "Is the Rate of Exchange Set by the Economy or Patriotism?"]

[Text] According to those who have had an occasion to return home during the past few weeks and "well-informed circles," at the end of April and beginning of May 1986, the rate of exchange in U.S. dollars for Vietnamese dong was:

- 18 dong (new) to the dollar, figured in accordance with the official rate of exchange set by the Vietnamese Foreign Trade Bank;
 - 50 dong (18 dong plus 32 cash award dong) to the dollar in accordance with the official rate of exchange set by the Vietnamese Foreign Trade Bank and reserved for overseas compatriots returning home or sending money home to their relatives (this rate of exchange is now called the emigrant exchange rate);
 - 200 dong to the dollar at the black market (illegal) price;
 - In sending a gift (western medicines, a TV or a Honda purchased at Vietnam Diffusion), comparing the purchase price and money sent at the domestic selling price (after subtracting the customs fees), also at the end of April and the beginning of May, the rate of exchange was about 100 to 140 dong to the dollar.
- Thus, the emigrant exchange rate is one-fourth the black market rate. That was the situation at the beginning of May 1986 but in looking back over the past 11 years, although the ratio above has dropped, the difference between the two rates of exchange is still extremely great, and the overseas Vietnamese wishing to send money home to help his relatives is caught in a dilemma:
- =Travel the official exchange route of the State Bank and suffer an excessive loss, not to mention the delay and complications (a family holding a funeral service and using this route will be holding the one-year mourning service before the money arrives);
 - =Through the black market, fast with a high rate of exchange, which whether recognized or not, assists the speculation network that is a reason for further difficulties in our economy (I say a reason, not the only one, because there are also the mistakes and miscalculations of the administration).

One way is beneficial to the nation and disadvantageous to the family (with the family beseeching and lamenting that one is "stupid"), and the other way is beneficial to the family but harmful to the nation.

Under careful examination, this is not the case. Benefit to the family is only an immediate benefit while the overall economy continues to encounter difficulties, commodity prices continue to escalate, and in the long run, the entire country, including the family, suffers a loss. Conversely, it is said that it is only correct that the official rate of exchange is beneficial to the country if the amount of foreign exchange reaching the hands of the state is significant. The truth is entirely different: even though that figure is not publicly announced, we may state surely and absolutely that it is not great, and compared with the black market rate of exchange, it is as different as heaven and earth. The objective is the common interest of the country but the results are actually entirely contrary.

From the economic standpoint, both rates of exchange are contrary to the law: the official rate of exchange relies on no economic calculation, and like a number of prices stipulated before last summer's reorganization, is totally separated from the true prices of products and goods; while the black market rate of exchange is due partially to the speculation factor and partially only relying on the law of supply and demand restricted to a number of import and export goods (a number of necessities such as medicines, and even luxuries such as air fresheners and hard liquors).

Therefore, the whole issue is the need to rely on economic standards to set exchange rates. This is easy to say in theory, but in reality, calculations must be made for the entire volume of imported goods, the commodities produced from them, and the volume of export goods, from and to the western countries (the dollar market).

Without accurate data, we cannot state what the economic rate of exchange is between the dong and the dollar. We only know surely that it is higher than the emigrant exchange rate (50 dong) and lower than the black market exchange rate (200 dong).

Actually, the past few months have given us a clearer idea of this rate of exchange and have partially revealed a solution for the "dilemma" noted above. In fact, a number of state-operated corporations and enterprises in Ho Chi Minh City have been permitted to directly purchase the foreign exchange of visiting overseas compatriots, and they use that foreign exchange to import the raw materials and spare parts needed for production. The foreign exchange of the overseas compatriots sold to these corporations is officially (and legally) deposited in a bank account. The purchase rate of exchange is "ignored" by the state. According to reliable sources of information:

-Also at the end of last April and the beginning of May, the official sales rate of exchange was 140 to 160 dong to the dollar;

-With this rate of exchange, the enterprises above made a profit.

Of course, the second point must be more carefully examined. On the other hand, with the still low and diverse labor capabilities in the country, for how many corporations can the exchange rate above be applied? These are questions that only responsible agencies in the country can answer.

However, as of right now, based on the "gift" exchange rate and experience in the "official sales" exchange rate noted above, we can consider that the economic exchange rate of the dollar is about 110 to 160 Vietnamese dong. In the spirit of the price-wage-money policies, if the state applies pricing truth, not only to domestically produced goods but also to all foreign exchange and goods purchased from the West, and sets the dollar exchange rate with an economic yardstick, it will surely encourage all Vietnamese to send their foreign exchange home by the legal route instead of doing so illegally or racing to send goods which are not essentials or raw materials, spare parts or equipment needed for economic production.

A clear-sighted position on the economy will achieve the patriotism called for during the past 10 years which generally has not and could not be accomplished. Only with that position will the appeal for patriotism be effective and the surreptitious changing of money be repelled as well as the degeneration of cadres and civil servants connected with that network.

Nguyen Nam
Paris

In agreement with Nguyen Nam's method of presenting the problem, we have noted letters about the fairly rapidly changing exchange rates during the present unstable economic situation. This data, therefore, is valuable as a basis for methods of posing the problem.

We wish to contribute some new data to the records of Nguyen Nam that was obtained during May in Ho Chi Minh City:

1. The "black market" exchange rate was from 240 to 300 dong to the dollar.
2. The "official sales" exchange rate was 180 dong to the dollar in the hotels.
3. Because in the subsequent period, agricultural products suffered severe price reductions on the world market, according to an article in SAIGON GIAI PHONG (14 April 86): "To create a dollar, the import-export corporations must on the average exchange 200 dong from the Vietnam Bank in agricultural goods."

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CSO: 4209/705

'BUSINESS COOPERATION' STORES INTRODUCED AT BINH TAY MARKET

Hanoi NHAN DAN in Vietnamese 13 Mar 86 pp 2, 4

[Article by Nguyen Kien Phuoc: "Initial Experience in the New Mode of Business at the Binh Tay Market; An Appropriate Transitional Form of Commerce; One Hand Controls Products and Goods, the Other Distribution; Capital Created by Turning Over the Capital in Shares; Seventy-five Percent of Wholesale and Retail Trade Controlled, Thus Helping To Transform and Develop Small Industry and the Handicraft Trades and the Household Economy"]

[Text] The Ho Chi Minh City Market is always bustling. Correctly determining the forms and stages through which this market is transformed, forms and stages that are closely tied to the transformation of private merchants, to gradually bringing them into the sphere of socialist production and business, is an exceedingly difficult and complex task.

During the past several years, especially in 1985, business cooperation between the state and private merchants has been established by the city party committee and people's committee as a suitable transitional form of organization within commerce. Besides the quantitative and qualitative growth of state-operated commerce and the marketing cooperatives, the system of business cooperation stores has helped to curb many of the negative phenomena and much of the chaos in private commerce activities, begun to bring merchants into organized business activities and made certain contributions to stabilizing the market and reducing the difficulties being encountered in the everyday lives of laborers. Recently, in the face of the changes that have occurred in the economy, more than a few negative phenomena have also been seen in the activities of the business cooperation stores, as a result of which some persons are of the mind that this form of organization has no value. There are also weaknesses in the activities of the business cooperation stores that have allowed persons who are actually dishonest merchants to join this organization and make themselves wealthy through illegitimate means. We must struggle against and educate these persons. Generally speaking, however, the activities of the business cooperation stores have had a positive impact. What we must do is reorganize these activities and improve the quality of the cooperative business form of organization. The Binh Tay Market General Commerce Corporation, which manages business cooperation stores and their activities, has gained some initial experience in this regard.

A Suitable Form

The Binh Tay Market, the largest market in Ho Chi Minh City, has nearly 2,700 businesses, primarily merchants, who have ties to each type of customer in the country and supply to society nearly 13,000 products from various sources: goods produced by state-operated units and collectives, goods produced by private units and the household economy, goods sent from overseas and even smuggled goods. Data compiled by the 6th Precinct's Transformation of Private Commerce and Industry Committee show: this market has 356 class A businesses, 157 class B businesses and, following transformation, as many as 557 class C businesses. Miss Chin Phuong, the director of the Binh Tay Market General Commerce Corporation, reports that the capital and business revenues of the class C businesses at the market are comparable to those of the class B businesses, even those of class A businesses at other places.

In 1978, in the transformation of private industry and commerce, the state seized the business assets of class A and class B businesses, shifted the majority of them to production and approved and allocated stands to the businesses of families eligible under policy to continue doing business. Following this phase of transformation, the Binh Tay Market appeared deserted and torn apart. However, behind the state's back, some bourgeoisie who refused to accept transformation found ways to resume their activities. The cloth section of the Binh Tay Market was moved, first to Trang Tu Street in the 5th Precinct and then to the Xom Dau Market. These bourgeoisie openly rented stands again or pooled their capital, in the form of money or goods, and continued to buy up products and sell them in clever and secretive ways. At first glance, it appeared that only retail activities were taking place at the Binh Tay Market. Only a sparse, meager supply of goods was on display at stands. But the wholesale trade taking place through dealers was still brisk. The stands had become places where customers only placed orders for goods. They were not the places where customers took delivery of their goods. Merchandise was picked up through black market dealers at "black addresses" and then brought to bus depots and wharves, from which it was dispersed in all directions. They kept accounts by the "cushion" method: the customer had an account with the stand and the stand had an account with the production unit (legal and illegal production units). They paid one another during the days preceding Tet, when invoices, receipts and contracts are never used. As a result, following the transformation drive in 1978, although we succeeded in removing a number of large bourgeoisie from commerce, the state still did not control the flow of goods, spontaneous, capitalist commerce activities remained brisk, prices at the market were still being controlled by these activities and the honest laborer and the consumer were still being exploited.

In late 1984, the 6th Precinct established a unit to transform the Binh Tay Market, a unit that was attached to the precinct's General Merchandise Corporation (in August 1985, this unit became a separate corporation, the General Commerce Corporation). This corporation was tasked with transforming all commerce activities at the market and gradually bringing the market in line with socialist business practices with the aims of completely controlling wholesale trade, controlling retail sales, helping to stabilize prices, serving customers well...

The problem then faced was to select a suitable form of organization at a time when the supply of goods in the hands of the state is still thin, state-operated commerce is not strong enough to control wholesale trade and the forces of private merchants are still large. It was under these circumstances that the business cooperation store came into being and was placed under the management and control of the state (the representative of which is the Binh Tay Market General Commerce Corporation). It must be acknowledged that the work of reorganizing and restructuring commerce activities at the Binh Tay Market by shifting the control of wholesale trade from private businessmen to the state and setting up stores that operate in the socialist mode of business has involved a sharp and complex struggle. Having begun with a pilot project in which 32 businesses eligible under the policy participated, all belonging to families of cadres, manual workers or civil servants (a project which Miss Chin Phuong called "building the nucleus") and gradually expanding to 106 businesses, the Binh Tay Market General Commerce Corporation now manages 939 businesses in 28 business cooperation stores and one state metal goods-electric fan store that do wholesale and retail business in 10 different product sectors. The initial results from the new mode of business at the Binh Tay Market in 1985 were good. The volume of procurements and sales of the state-operated forces and business cooperation stores has accounted for 75 percent of the total volume of business at the market. In the slightly more than 1 year that they have been in operation, they have paid nearly 14 million dong in taxes and payments to the budget.

One major question that arises is: how has the Binh Tay Market General Commerce Corporation managed to control both wholesale and retail trade?

When it first organized private merchants in business cooperation stores, the state, in the person of the cadre sent down to take charge of these stores, did not know the actual volume of business being done by these stores or the amount of business represented by each share, did not know where products were being procured, did not know who the customers of these products were or where these customers were from, did not know what prices were... Although they had joined a store, some merchants, in a vain attempt to corrupt cadres and personnel of the state, persisted in their tricks and dishonest tactics. Very gratifying is the fact that after 1 year of operation, not one cadre, manual worker or civil servant of the state has become degenerate or deviant. To the contrary, many shareholders have gradually been transformed by this new, ethical mode of business and are now working for the corporation at the Binh Tay Market. The stores of the corporation buy goods from many different sources scattered throughout 17 precincts and districts. These sources are: cooperatives and production cooperation teams (licensed and unlicensed); poor worker families who produce and market their own products (the number of these families is very large); the state (which accounts for an insignificant quantity); families who have relatives overseas who send them goods; and products floating on the market, which include products on which taxes have been evaded and smuggled goods.

To control the procurement of goods from these various sources, the corporation has implemented the following guideline: separating the procurement and sales functions. That is, at each store, there is one procurement section, which procures all the products brought in by production

units to sell. Any basic unit that has a license can introduce itself to the corporation for the purpose of signing a contract. The corporation can sign a temporary contract with any production unit that does not have a license (the majority of which are in the family economy which produces and markets its own products) in order to persuade them to sell their products to the corporation and maintain diverse sources of products at the market. What must be emphasized here is that the goods of these units are very diverse and usually lower in price than the goods of lawful production units. They want to sell their products quickly and, to do so, must have close ties to private businesses (which have now been brought into the business cooperation stores). The corporation taxes the products of these units at a flat rate and issues a permit for them to be brought into the market for sale under contract. Without these conditions, the persons who produce and market goods on their own would not be able to enter the market and would face a heavy fine were they to sell these products secretly. As a result, these families have been signing contracts with the corporation. In the case of lawful production units, the corporation sells raw materials to them and purchases the finished products produced from these materials. It must also be mentioned that the Binh Tay Market General Commerce Corporation does not limit itself to buying and selling but also engages in trade with provinces and districts in the South that have sources of raw materials (agricultural and food products), which it sells to basic production units. The corporation's approach of selling raw materials and buying finished products has been a very important factor in the transformation and development of the small industry-handicraft sector and the household economy. All products for which state prices have been established are procured within the price scale set for these products. Products not on this list are procured at negotiated prices that are lower than free market prices. The principle of buying and selling at low prices applies to the sale of raw materials and the procurement of finished products made from them. In the case of goods floating on the market and goods sent from overseas, the corporation publishes advertisements and has persons introduce these goods to stores or buys them itself. Applying the law of supply and demand to set prices, the corporation never sells products at a loss nor does it haphazardly raise prices. Therefore, at times when prices in the city have been undergoing complex changes, the Binh Tay Market has remained a market with relatively stable wholesale and retail prices.

Very deserving of attention is the fact that while state-operated commerce must wait for new selling prices to be approved, there is no need to wait for prices to be approved on many different levels at the Binh Tay Market. The corporation buys products based on consumer tastes for immediate sale at flexible prices. It does not buy products to store them in warehouses where they become backlogged and are sold either singly or in varying quantities. The goods that the corporation procures under contracts with basic production units include many products that are of better quality than products of state-operated commerce and are of a broader variety and, in some cases, even less expensive than state products. While it is difficult to procure products, it is even more difficult to sell them. The methods of selling, both wholesale and retail, are very flexible but do not open any loopholes that allow dealers to engage in exploitation through long distance trade. These methods can be summarized as follows: the corporation closely manages both procurements and sales. With dealers acting as intermediaries, the corporation has established

direct relations and signed contracts with customers (provinces, districts or cooperatives). These customers can provide two-way transportation and insure the delivery of the correct quantity of goods of the correct quality. The relations between the corporation and the precincts and districts of the city have developed into relations in which consumer goods are traded for raw materials and discarded materials (that are locally available) on the basis of negotiation. As a result, the corporation signed more than 100 contracts in 1985 for the trade of goods worth 27 million dong. Once it has a contract to buy raw materials, the corporation sends a representative down to basic production units to sell these materials (so that it can procure all the finished products produced from them). Raw materials are not received or delivered through a third party nor are they stored at the warehouses of the corporation. This is also a way to reduce production costs.

For example, the corporation sells coconut pulp to the VISO Factory and buys from it laundry powder at a price that is 2 dong per kilogram less expensive. It sells granulated sugar and buys candy at a price that is 7 dong per kilogram cheaper. The way in which these products are sold is very handy: in small packages that are very convenient to use, not in large lots.

Creating Capital by Mobilizing Capital Through Shares and Turning Over the Capital in Shares

Another major question that arises is: how have the business cooperation stores and the Binh Tay Market General Commerce Corporation created capital?

In the type of business cooperation found at the Binh Tay Market, each shareholder must contribute 5,000 dong in initial capital. Of the 939 current shareholders, more than one-third are poor families. These families have contributed whatever they have been able to contribute, some a large amount, some only a little. The Binh Tay Market General Commerce Corporation manages this initial capital (2.1 million dong) and organizes business in the name of the state.

The approach to business at the Binh Tay Market is to not rely upon goods from the state as state stores do (at present, even state stores are receiving very small amounts of goods from the level II commerce corporations). Rather, the majority of its goods are obtained by the corporation itself. To achieve the objective of transforming private commerce, which requires gaining complete control of wholesale trade, controlling and effectively conducting retail trade and transforming dealers who do business over long distances, the Binh Tay Market General Commerce Corporation organizes procurements and sales, quickly turns over capital and, in this way, generates profits and creates capital for the state in order to carry out capital formation and expand its business. As of the end of 1985, the corporation had nearly 7 million dong in capital after paying taxes and contributing to the state budget. Last year, the corporation turned its capital over 55.75 times, or an average of once every 6 days. It must be acknowledged that this self-directed mode of doing business (being free to buy or sell any product) under the supervision and management of the state is a mode of business that turns capital over very rapidly. The state is able to use the capital of shareholders in business but need never fear that their business revenues are too high because it manages

them, it controls them. But, self-directed business does not mean being undisciplined and competing against the state in procurements and sales. Because, the corporation does business in products which state-operated commerce either does not have in adequate quantities or does not manage. The problems which arises is that if, when formulating plans for the development of the distribution-circulation sector, consideration is only given to those products that can be supplied by socialist commerce, there is always the concern that these products will not be supplied in adequate quantities, consequently, it is also necessary to take into consideration those products that can be included in plans through business cooperation. In its self-directed mode of business, the corporation has not limited itself to distribution and circulation. One very important factor is that by trading products for raw materials and supplies on the basis of price parity, the corporation has enabled scores of basic production units, businesses in the private economy and families to achieve stable production, thus insuring that the sources of goods do not decrease. In addition, every store is conscious of diversifying its product line by adding products that are consistent with consumer tastes and can be obtained by the store on its own. For example, the cloth store sells cloth to ready-made clothing shops to be made into ready-made clothing, caps, conical hats and handbags. The sugar store sells sugar to cake and candy shops in order to buy products at prices that are lower than elsewhere. It is clear that through its self-directed business activities, the Binh Tay Market General Commerce Corporation is helping to stabilize production, create jobs and serve the people better. The policy of making full use of the skills of shareholders (who are not impeded by the need for capital to purchase equipment and space) to produce additional products, such as ready-made clothing, conical hats, caps, centrifugal sugar, dried garlic, processed food products, such as pork sausage and preserved eggs, woven wood products and so forth, is a correct policy aimed at making additional goods available and providing jobs for the laborers displaced in the process of improving management within the corporation.

The self-directed mode of business and the rapid turnover of capital have enabled the corporation to quickly build initial material-technical bases for the state. At present, the corporation has 12 Lambrettas, 1 tour bus and 5 product storehouses (on temporary loan), thereby serving the needs of the corporation's 302 cadres and personnel.

The Binh Tay Market Commerce Corporation is continuing to gain experience in this approach to reorganization and continuing to improve the quality of the business cooperation form of organization, thus helping to stabilize prices and the market.

7809

CSO: 4209/451

IRRATIONALITIES IN HO CHI MINH CITY PRICES DECRIED

Hanoi DOC LAP in Vietnamese 28 May 86 p 6

[Management Stories column by Dinh Khuyen: "Dissatisfied"]

[Text] Prices are a hot topic not only in production and commercial circles but also with regard to all citizens in Ho Chi Minh City. There has been price disrupting by dishonest merchants and others engaged in illegal livelihoods, but one of the reasons for increased prices is that many state organs operate chaotically and violate the principles of economic management.

According to a report by the Industrial-Commercial Transformation Section and the Municipal Market Management Section, recently a large number of units supplying and processing exports, many units engaged in domestic trade, and even many units without commercial functions, buy export goods, use price rising measures, and barter automobiles and electronic machinery, which creates chaos with regard to prices. Many organs and units were private merchants to compete in purchasing, which creates conditions for the illegal commercial activities of the private merchants to develop. Prices change arbitrarily, especially the prices of industrial goods, and many difficulties are encountered in market management activities.

An even more unsatisfactory matter is the arbitrary bartering of products produced by many production units. One beer production installation exchanges a liter of beer for 2.8 to 3.3 kilos of rice. The marketing cooperatives and private individuals buy rice, exchange it for beer, and then sell the beer and party smacks. One place even exchanges beer for MSG. The municipal veterinary medicine station exchanges veterinary medicine for rice. The municipal poultry corporation sells eggs in exchange for MSG and cement. The municipal animal husbandry corporation exchanges breeding stock for rice, etc. Because of such vicious cycles, the goods that are produced cannot fulfill the goods that are produced do not circulate but are bought and resold by individuals or groups, which forces up prices and dumps the burden on the heads of consumers.

A state food store in a certain district did not properly fulfill its function of buying hogs in the provinces and bringing them into the city, but only weighed the hogs and made out invoices for private merchants in order to take a cut and obtain "income" to report.

Many state stores, especially cooperative commerce stores, have taken similar "initiatives." One corporation which went to another provinces to buy goods agreed to raise prices because it was competing with another unit, then agreed to make out two invoices, one of which stated a price lower than the state guideline price and the second of which stated that the goods were "exchanged" in order to avoid inspection by the price management organ. The facts that many subprecincts have developed jointly operated installations and many households have implemented the decision of the municipality on developing family small industry and handicraft production have caused the price of waste materials to increase rapidly. The price of waste materials have risen so high that they are even higher than primary materials, which has led to the situation of many merchants buying new products and then taking them apart to sell "waste materials." Market management personnel in Nha Be District arrested someone for transporting 546 kilos of aluminum, only 161 kilos of which were scrap. The rest were unused aluminum pots and pressure cookers.

The Municipal People's Committee has issued many regulations and met many times with organs in the municipality to remind them about maintaining socialist production and commercial order, but the above-mentioned chaotic situation has not only not been ended but has tended to increase. In the view of the basic level, the problem must be resolved at the root. First of all, there must be an appropriate and flexible price mechanism so that people cannot take advantage of loopholes and pursue price disparities. It is necessary to boldly carry out decentralization, accompanied by a division of responsibility and the drafting of explicit regulations. According to statistics of the functional organs, at present at present there are more than 750 representative organs, from the ministry, provincial, and municipal levels down to the corporation level, and even the village level, in Ho Chi Minh City. Most of them engage in activities which are not in accord with their functions, which creates complications with regard to market prices. They must be reviewed. The people are also waiting for those organs and units to strictly review their activities during the current self-criticism and criticism campaign, and for proper measures to be applied to restore economic order in the city and nationwide.

5616

CSO: 4209/673

PRICE INCREASES IN HO CHI MINH CITY DECRIED

Hanoi DOC LAP in Vietnamese 11 Jun 86 p 6

[Management Stories column by Dinh Khuyen: "Changes in Prices"]

[Text] At present, prices are undergoing major changes in Ho Chi Minh City. While the state price for a kilo of ham is 65 dong, at the markets it sold for 150 dong, then 180 dong, and is tending to increase even further. The price of a kilo of granulated sugar is fixed at 18 dong but consumers must pay 70 to 80 dong. Rice has long been the most stable product because the municipal grain corporation meets nearly 100 percent of the needs of the city's people, but during the past several months its price has increased from 4.5 dong to 6 dong and then to 8 dong. In May of this year's cadres and people in the city had to pay 9 dong per kilo. That situation is certainly not due to declining agricultural production. This year's winter-spring and summer-fall crops in the areas outside the city and in the provinces in the region were successful. Animal husbandry continues to develop in the Mekong Delta provinces. That chaotic price situation is due to many complicated reasons. Perhaps it is due to fixing unrealistic prices. But the principal reason is that the guidance and management of prices at all levels, from the basic level on up to the district and provincial levels, are not tight, which has resulted in the situation of arbitrary price increases. Although the state has made many all-out efforts, it still does not have sufficient goods to exchange with the peasants, and the peasants do not obtain goods at the prices stipulated by the state (ordinarily, the peasants must purchase goods at prices 50 to 60 percent higher than the state prices). Therefore, the peasants' production costs are higher than the guidance prices.

A month ago the Ministry of Home Trade fixed the price of one kilo of live pork in the Mekong Delta at 22 dong, but in actuality, in order to ensure that livestock raisers earn a profit of 30 to 40 percent it must be sold for a least 40 dong per kilo. When it saw that that price was not realistic, the Ministry of Home Trade agreed to buy it at a price of between 32 and 37 dong. But then, because the prices of the other goods also changed, the livestock raisers had to raise their prices to 60 or 70 dong per kilo of live pork. Thus the state had to chase after a realistic price but could not keep up with it, while the private merchants were much more "dynamic" than we were. As a result, socialist commerce could not buy pork or could only buy a little for exchange goods. The prices of sugar, rice, and the other kind of agricultural products are in a similar situation.

Not only the consumers, but also the organs with functions in circulation, distribution, and market management, are worried that prices will slip beyond their reach. The goods of the state commerce and cooperative sectors are insufficient to serve the masses, so how can they guide and direct the other merchants to post their prices and sell goods at the stipulated prices? There exists the situation at a number of markets of the market customers protesting when private pork merchants were arrested by market management personnel, or when peasants outside the city were taxed when they brought agricultural products into the city proper. Faced with such pressure by consumers, gradually market management was relaxed. There also exists the situation of many marketing cooperatives, and even some state stores, because of a shortage of goods, allowing private merchants to bring in goods to sell or selling their goods on assignment and then splitting the profit. That is also one reason why prices have undergone upheavals and have been raised arbitrarily.

Another disparity is that when the prices of agricultural goods increase rapidly in the city, in many provinces in the Mekong Delta region, prices, although increasing, increase only one-third or one-half as much as in the cities. For example, a kilo of ham in Ben Tre, Dong Thap, or Kien Giang is only about 60 or 70 dong. In the cities, a kilo of silver shrimp cost 150 dong, while in Ben Tre it cost only 30 dong. Ordinary white rice costs six to eight dong in the provinces but in the cities it sells on the free market at 11 to 12 dong. In fact, a number of provinces still buy rice and pork from peasants at state guidance prices, but sell them to cities in exchange for goods. A number of precincts and districts, especially the cooperative commercial sector, which have boldly "torn down the fence" have been able to buy goods, while state commerce in the cities, which maintains strict price discipline, cannot buy any. Peasants who take their goods outside the locality are inspected and if they have more than the allowable amount their goods are confiscated.

Meanwhile, peasants in the provinces complain that the prices of manufactured goods are too high. Those goods are not brought from the cities to rural areas not by state commerce but largely by private merchants, so too much "dealing" goes on. Furthermore, even in the cities the producers are affected by imported materials (because of price rises and the exchange rate), so the prices of their products are pushed upward. That is also the reason why producers and consumers, or more accurately the cities and the rural areas, are still far apart.

In order to ensure the stabilization of prices there must be uniformity from top to bottom. It is necessary to boldly implement the principle of unified management by the state and a convergence of producers, consumers, and management organs. While awaiting that convergence, something that can be done immediately is to rectify the cooperative relations between the cities and the provinces in the region in the spirit referred to by comrade Vo Van Kiet: "Sharing destinies, as in war."

5616

CSO: 4209/674

PHU KHANH PROVINCE SHRIMP PRICE TERMED IRRATIONAL

Hanoi DOC LAP in Vietnamese 28 May 86 p 7

[Article by Ho Tan: "Phu Khanh: Shrimp Run in Circles"]

[Text] One morning, at the town of Song Cau, Uncle Bay brought a basket of shrimp to sell to the state. The purchasing cadres at the town's aquatic products station were very surprised because Uncle Bay had not sold shrimp to the station for many months.

A purchasing cadre asked Uncle Bay, "Why are you selling us shrimp, Uncle? Did you have a good catch?"

Uncle Bay smiled and replied, "Not especially, just an ordinary catch. But today the motor of my boat broke down and I returned late, so the shrimp merchants had all gone. Rather than let the shrimp rot I brought them here to sell to the state."

That story was sadly told by comrade Tran Thien Can, director of the Nha Trang freezing enterprise. What are the problems and what must be done to resolve them?

For many years now, in directly wrestling with the actual situation the Phu Khanh aquatic products sector has boldly overcome problems and difficulties in the management and commercial mechanism and have brought about clear results in each phase. Experience has shown that the state purchase price must make up for production expenses and provide a profit for the producer. When that principle is ensured the state can purchase many products for export. If not, state purchasing cannot attain results and export products fall into the hands of private merchants or the other localities.

Over a period of a year and a half (June 1983 to December 1984) good results were attained in the export of aquatic products in Phu Khanh. During that period the Phu Khanh aquatic products sector implemented the policy of accompanying the state purchase price with a norm regarding exchange goods, and guaranteed the production cost of aquatic products for export, plus a suitable profit for the fishermen. Specifically, the sector used 40 percent of its foreign exchange to purchase goods to serve the fishermen, of which 20 percent were such production means as fuel, marine engine parts, and nets, and

20 percent were such consumer goods as cloth, MSG, and soap. Thanks to a fund of goods to exchange in accordance with norms, during the last 6 months of 1983 the Phu Khanh purchased, processed, and exported four times more than during the first 6 months of the year and in 1984 the value of aquatic products exports three times greater.

Since 1985 the Phu Khanh aquatic products sector had to abandon its consumer goods exchange norm and change over to using money to purchase products from the fishermen and the state purchase price was adjusted from time to time in order to be appropriate to the actual situation. But each price adjustment had to pass through echelons, which took time, ordinarily 1 month or at best 2 weeks. Therefore, when new prices were approved they were already behind the actual price. Thus although many efforts were made, in 1985 Phu Khanh's aquatic products exports declined by 400 million dollars in comparison to 1984 at a time when the number and capacity of boats catching products for export increased about 5 percent. During the first quarter of this year aquatic products exported by the Nha Trang Frozen Goods Enterprise continued to decline in comparison to the same period in 1984 and 1985.

This year the Phu Khanh aquatic products sector turned over to management by the district echelon 40 percent of its foreign exchange, in order to serve the catching and processing of aquatic products for products. But because of the limitations of many functional sectors, many districts did not have full authority to use that foreign exchange to obtain goods to exchange with the peasants. In January 1986 Nha Trang increased the state purchase price of aquatic products to between 75 and 150 dong per kilo for class-1 shrimp (while the market price was 300 dong per kilo), but the state did not allow the implementation of that price. As a result, in the first quarter Nha Trang only purchased 10 tons of shrimp and 50 tons of squid, about 5.5 percent of the annual plan. Since the beginning of the year Ninh Hoa, a district with many shrimp, has purchased only 10 tons, less than half the amount purchasing during the same period last year. In many other districts the situation is similar to that in Nha Trang and Ninh Hoa.

Against that background, Cam Ranh and Van Ninh districts continued to boldly implement the policy of accompanying the state purchase price with exchange goods, which was applauded by the fishermen, and prevented private merchants from competing with the state in buying aquatic products for export. During the first quarter of this year Van Ninh District bought 33 tons of shrimp, which was 35 percent of the annual plan and twice the amount purchased during the same period in 1985. Cam Ranh purchased 30 tons of shrimp, double the amount purchased during the same period last year.

Faced with that urgent situation, the People's Committee of Phu Khanh District decided at the beginning of April 1986 to nearly double the old price, but it is still only 60 percent of the price in Cam Ranh and Van Ninh districts. The state purchase price of aquatic products for export, especially the price of shrimp, is still a not topic which we must continue to study in order to resolve.

5616

CS0: 4209/673

HANOI STEPS UP PACE OF RESETTLEMENT TO NEW ECONOMIC ZONES

Hanoi NHAN DAN in Vietnamese 13 Mar 86 p 1

[Article: "Hanoi Makes Preparations for Sending 16,000 Persons to New Economic Zones"]

[Excerpt] In 1986, Hanoi will send 16,000 persons, including 6,400 laborers, to build new economic zones (in 1985, it sent 7,579 persons, 3,512 of whom were laborers).

The fact that labor and population are being relocated this year at a rate twice as high as last year requires that major difficulties with capital, means of transportation, the initial supply of grain and site preparation at new economic zones be overcome.

Hanoi has taken many appropriate measures and done a good job of redistributing labor and population, even within the scope of each village and district, while augmenting the new economic sites in Duc Trong and opening a new economic zone in Dam Ri Village in Da Hoai District, Lam Dong Province.

The new economic sites within the province, such as Ha Lam (Dong Anh), Dong Mo and Kim Son (Son Tay City), Dong Cham (Me Linh), Minh Tan (Soc San), Thuy An (Ba Vi)...have been given priority in the areas of investment capital, materials and equipment for the construction of material-technical bases supporting production, especially water conservancy projects. Of the 5 million dong that have been invested in capital construction, most has been invested in water conservancy projects, nearly 2 million dong, followed by such collective welfare projects as public health stations, child care centers, kindergartens, schools and so forth, thereby creating the conditions for laborers to receive preventive medical care and medical treatment and children to receive an education in these new land areas. The Hanoi Public Health Service has prepared a supply of preventive medicines and therapeutic drugs for fellow countrymen going to build new economic zones that will last for the first several months.

In order to quickly develop more than 17,000 hectares of land in Dam Ri Village, Da Hoai District, Lam Dong Province, the Hanoi New Economic Committee sent cadres to prepare the site and contract with the Zone 1 Federated Communications Enterprise for the construction of a bridge across the Da Quay

River to provide access to the site. Da Hoai District has prepared labor and building materials for the construction of homes for the laborers and heads of families who will be arriving first to prepare the site.

The municipal people's committee has issued a temporary decision regarding a number of policies aimed at encouraging cadres and laborers to go to new economic zones first and encouraging the people to go build new economic zones. At the same time, it has been guiding the various sectors in closely coordinating with the New Economic Committee in order to meet the initial needs for capital, grain, building materials and means of transportation in the resettlement of labor and population.

7809

CSO: 4209/451

MICROCOMPUTERS INTRODUCED IN ECONOMIC MANAGEMENT

Hanoi NHAN DAN in Vietnamese 13 Mar 86 p 3

[Article by Chu Thai Thanh: "Electronics Technology Research Serving Production and Everyday Life"]

[Text] The Electronics Technology Research Institute, which is developing under the guideline of building the institute while conducting research, has been rapidly putting scientific advances in electronics and information science into practice in Vietnam.

An applied research facility, the institute recently surveyed the computing needs in economic management and production of a number of sectors; gained experience from several agencies that have been using computers; conducted research to determine supply capabilities and launched the assembly of the BAMBOO microcomputer; and, through the Vietnam Computer Corporation, installed 30 of these computers, in different configurations, at 20 basic units, thereby meeting the needs of agencies and enterprises. The introduction of microcomputers in management and production has played an important role in changing work methods and establishing the modern approach to industrial management with a view toward developing many products that yield high economic and technical returns. In addition to installing BAMBOO microcomputers, the institute has also successfully conducted six other research projects. These include state level projects in the test-manufacture of ceramic resistor cores with a flow rate of 0.05A/mm, the production of soft flux ferrite cores for use in high frequency technology and the production of hard flux relays for use in the production of electric pulp vats.

Although the institute has not conducted a large number of research projects, each result that has been achieved has had a practical impact upon production and everyday life.

In the upcoming 5-year plan (1986-1990), the Electronics Technology Research Institute has set its course on the basis of the four fundamental objectives of the application of electronics program established by the Electronics and Information Science Technology General Department:

Researching the manufacture of electronic materials and components from domestic raw materials, with importance attached to materials and components

that possess the properties needed to meet domestic and export requirements; rapidly introducing new digital and information theory technologies in the production of electronic equipment serving domestic and export needs with a view toward eventually applying electronics throughout the national economy; researching and applying information theory, especially micro-information theory, in economic and social management; and increasing the reliability of electronic and information equipment under the conditions of Vietnam with the aim of effectively utilizing existing electronic equipment.

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